

C1A70N

XL16

-G23

Government
Publiant

Legislative
Assembly
of Ontario



Assemblée
législative
de l'Ontario

Official Report of Debates (Hansard)

G-23

Journal des débats (Hansard)

G-23

Standing Committee on General Government

Rental Fairness Act, 2017

2nd Session
41st Parliament

Wednesday 10 May 2017

Comité permanent des affaires gouvernementales

Loi de 2017 sur l'équité
en location immobilière

2^e session
41^e législature

Mercredi 10 mai 2017

Chair: Grant Crack
Clerk: Sylwia Przewdziecki

Président : Grant Crack
Greffière : Sylwia Przewdziecki



Hansard on the Internet

Hansard and other documents of the Legislative Assembly can be on your personal computer within hours after each sitting. The address is:

Le Journal des débats sur Internet

L'adresse pour faire paraître sur votre ordinateur personnel le Journal et d'autres documents de l'Assemblée législative en quelques heures seulement après la séance est :

<http://www.ontla.on.ca/>

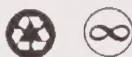
Index inquiries

Reference to a cumulative index of previous issues may be obtained by calling the Hansard Reporting Service indexing staff at 416-325-7400.

Renseignements sur l'index

Adressez vos questions portant sur des numéros précédents du Journal des débats au personnel de l'index, qui vous fourniront des références aux pages dans l'index cumulatif, en composant le 416-325-7400.

Hansard Reporting and Interpretation Services
Room 500, West Wing, Legislative Building
111 Wellesley Street West, Queen's Park
Toronto ON M7A 1A2
Telephone 416-325-7400; fax 416-325-7430
Published by the Legislative Assembly of Ontario



ISSN 1180-5218

Service du Journal des débats et d'interprétation
Salle 500, aile ouest, Édifice du Parlement
111, rue Wellesley ouest, Queen's Park
Toronto ON M7A 1A2
Téléphone, 416-325-7400; télécopieur, 416-325-7430
Publié par l'Assemblée législative de l'Ontario

CONTENTS

Wednesday 10 May 2017

Rental Fairness Act, 2017, Bill 124, Mr. Ballard / Loi de 2017 sur l'équité en location immobilière, projet de loi 124, M. Ballard.....	G-365
Dr. David Hulchanski.....	G-365
ACORN Canada.....	G-367
Ms. Alejandra Ruiz Vargas	
Quinte Region Landlords Association	G-369
Mr. Robert Gentile	
Mr. Ken Sit	
Non-Smokers' Rights Association	G-372
Mr. Andrew Noble	
Ontario Real Estate Association.....	G-374
Mr. Adam Yahn	
Federation of Metro Tenants' Associations	G-376
Mr. Geordie Dent	
Canadian Cancer Society, Ontario division	G-379
Ms. Florentina Stancu-Soare	
Ms. Rubina Kharel	
Advocacy Centre for the Elderly.....	G-381
Mr. Graham Webb	
Waterloo Region Community Legal Services	G-384
Mr. Joseph Richards	
Mr. Oscar Fong	G-386

LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
GENERAL GOVERNMENTCOMITÉ PERMANENT DES
AFFAIRES GOUVERNEMENTALES

Wednesday 10 May 2017

Mercredi 10 mai 2017

*The committee met at 1531 in room 151.*RENTAL FAIRNESS ACT, 2017
LOI DE 2017 SUR L'ÉQUITÉ
EN LOCATION IMMOBILIÈRE

Consideration of the following bill:

Bill 124, An Act to amend the Residential Tenancies Act, 2006 / Projet de loi 124, Loi modifiant la Loi de 2006 sur la location à usage d'habitation.

The Chair (Mr. Grant Crack): Good afternoon, everyone. I'd like to call the Standing Committee on General Government to order. Today we're here to continue the public hearings process of Bill 124, An Act to amend the Residential Tenancies Act, 2006. We have a full agenda and I would like to remind members that we are on an order of the House. As such, presenters will have up to five minutes for their presentations followed by nine minutes of questioning, hopefully broken up three minutes to each party.

Having said that, we are ready to go.

DR. DAVID HULCHANSKI

The Chair (Mr. Grant Crack): We have with us, as the first presenter, Mr. David Hulchanski. He's a professor in the faculty of social work, University of Toronto. We welcome you, sir. You have up to five minutes.

Dr. David Hulchanski: Yes, thank you.

The Chair (Mr. Grant Crack): You're welcome.

Dr. David Hulchanski: I'm here to speak to the post-1991 exemption that is being repealed, in support of that. At the time this change was made back in 1996, 20 years ago, I appeared before this committee saying what I'm going to say now. I had evidence back then and I have more evidence now for what I have to say.

I argued back then that the problem with rental supply has little to do with rent regulations—that rent regulations are a response to the problem, not the cause of the problem. So what is the problem? Markets need supply and demand. How often do you hear anybody talking about demand for rental housing and effective market demand? Our rental housing problem has everything to do with the nature—the type—of demand for rental housing.

It's a fact, of course, that homeowners have higher incomes than renters. Back in the 1960s and 1970s the

gap was about 20%; that is, homeowners had incomes, on average, about 20% higher. It is now 100% or more higher. But there's one land market, there's one real estate market.

Functioning markets require supply and demand. The demand, however, must be effective market demand: Potential consumers must have enough money to be able to afford the new supply. This, of course, is just Economics 101.

In Ontario since the 1970s, the demand mainly represents a social need for an essential of life; the demand is not, for the most part, effective market demand. Markets do not respond to social need, obviously. There must be effective market demand. We thus have a classic case of market failure. There is no functioning supply-and-demand mechanism in Ontario's rental housing market except at the very high end. This is where condos for rent in expensive new buildings fill that small niche up at the high end.

Consumer protection is required when markets fail; rent regulation is simply a consumer protection. That's why it came in the 1970s and we continue to need it.

The second point I'd like to speak to is what is not in Bill 124; that is, vacancy decontrol. Back when the provision was allowed to allow rents to go to any level when a tenant left a building—my short brief today has attached to it my longer brief from 20 years ago that further explains why this is a serious problem. Vacancy decontrol in a failed market simply allows for plain and simple rent gouging. There is no excuse for 10%, 20%, 30%, 40% rent increases when nothing has changed other than the fact that some people are fortunate enough to own something that is not being supplied and is absolutely needed. It is rent gouging that, right now, is being legally authorized by the Ontario government. When a market fails, consumers need protection, but tenants are currently being given no protection. I see no ethical or economic rationale for the Ontario government to allow this to continue: to allow one group to financially exploit another group in a failed market, particularly a market in one of the essentials of life.

In summary, the Ontario government must repeal the vacancy decontrol provisions that were introduced by the last Conservative government. There was a promise made in the 2003 campaign, when the Liberal government was first elected. I monitor and keep track of these things.

Vacancy decontrol effectively ends rent regulation each time a tenant moves. What is the rationale for this Ontario government policy? I don't know. The post-1991 exemption affects a small percentage of Ontario's renters, and that's being taken care of—very good. But vacancy decontrol affects all of Ontario's renters, and that is what we need to address now.

To my brief, I have attached seven charts that provide some up-to-date data about each of the points I've made here. I appreciate this opportunity to appear before you, and I'll be happy to answer questions.

The Chair (Mr. Grant Crack): Thank you very much. I appreciate your presentation. We'll start with the third party. Mr. Hatfield.

Mr. Percy Hatfield: It's always good to start off, isn't it, rather than always coming third?

Vacancy decontrol, David—thank you for being here, by the way, and thank you for keeping on top of this for the past 20 years or whatever it has been. Vacancy decontrol: What would be your formula, your best advice on how the government could get a handle on that and put a stop to it?

Dr. David Hulchanski: It's just not allowing vacancy decontrol, period—

Mr. Percy Hatfield: Not at all.

Dr. David Hulchanski: —just like we are likely to do with the post-1991 exemption. That's all. We have a working formula for cost pass-through. We have the annual allowable rent increases. That's how you protect consumers when a market isn't functioning.

Mr. Percy Hatfield: If the landlord put some new renovations into a building, I assume you would say, "Yes, he's got to recover some of that"?

Dr. David Hulchanski: Absolutely, in a manner that is fair. Yes.

Mr. Percy Hatfield: If the landlord wants to move a member of the family in, and gives notice to the occupant to move out, should there be a limit on the number of units? Is this for all landlords or just big landlords or small landlords? Should there be a cap on the number of units that this would apply to?

Dr. David Hulchanski: I think we all have sympathy for the small landlord with one, two, or three units at most. That's a different category.

Once you're into supplying rental housing, those become people's homes. We protect homeowners in every way possible, even in a crisis or a snowstorm or a flood or something, right? There should be very few reasons for forcibly evicting somebody from their home simply because they rent. This is a strong tradition in Europe.

Mr. Percy Hatfield: Do I have time for one more?

The Chair (Mr. Grant Crack): One minute.

Mr. Percy Hatfield: I guess my final question, David, would be—I rent from a single-condo owner. For all I know, he's a corporation on paper, for the condo. Should single-condo owners that have incorporated for whatever purposes be excluded from moving their family in?

Dr. David Hulchanski: Thanks for the clarification. Yes, I think so. I had in mind the homeowner who has a

second suite, or a homeowner who might own one or two properties nearby, something like that. That is totally different from a corporate owner or an investor that is buying and selling those kinds of units.

Mr. Percy Hatfield: Thank you, and thank you again for coming in.

The Chair (Mr. Grant Crack): We'll move to the government, and Madame Des Rosiers.

M^{me} Nathalie Des Rosiers: It's a pleasure to finally put a face to someone I have read a lot, so thank you very much for coming.

As you would expect, many of the landlord organizations are coming in and saying that on economic grounds, they will stop putting more units on the market, because the rent increase that will be allowed, 1.5 to a maximum of 2.5, is too low, and they won't make any money. Can you help us in understanding their argument and how you think that plays out?

1540

Dr. David Hulchanski: Anybody who owns an asset to make money from—they're not going to do that. What society should have no role in planning is when somebody buys a building for way too much money and they can't make it, having paid that price—it's not our job to bail them out or to force tenants to bail them out. It's that simple.

Being in the business of owning rental buildings, I'm a strong supporter of the private rental sector. We used to have subsidies for the private rental sector; I think we should. That's a key component of our housing sector.

But they are people's homes, and we're not in the business of bailing people out when they make bad investments, period.

And it's a pretty safe investment. When a recession comes, people pay their rent. They stop going to restaurants, they stop doing all kinds of things, but they know they have to pay their rent.

M^{me} Nathalie Des Rosiers: You have not touched on the standardized lease that is part of the legislation.

Dr. David Hulchanski: I have not. I don't understand those details. I haven't studied that.

M^{me} Nathalie Des Rosiers: I think the point of your comment is mostly on the market failure and the need to protect security of tenure—

Dr. David Hulchanski: The demand side and the low incomes of renters in general.

M^{me} Nathalie Des Rosiers: And the security of tenure that is protected here for tenants is an important value.

The Chair (Mr. Grant Crack): One more minute. Mr. Colle.

Mr. Mike Colle: David, it has been a long time.

Dr. David Hulchanski: Hi.

Mr. Mike Colle: I just want to clear up one thing, about vacancy decontrol. We were told years ago, when this was brought in, that the reason it was important is because it rehabilitated the housing stock. In some cases, there are people who have been in the same apartment for 20 or 30 years. God bless them. The owners were saying at the time, I recall, that this gives them an opportunity to

bring it up to market value, because it could have been at a very low level when they first moved in, and also to refurbish the unit at the same time. That was what we were told was the rationale behind vacancy decontrol at that time.

Dr. David Hulchanski: But that, to my mind, doesn't change anything, because I think our current system—and if it needs to be improved, improve it—allows cost pass-throughs for true rehabilitation of parts of the building or the building itself. We allow that, and we need to allow that, and that takes care of that.

Saying to everybody that owners of something that isn't being supplied should have to pay much more when the unit is empty doesn't make sense—to achieve that good objective that you mentioned.

The Chair (Mr. Grant Crack): We'll move to the official opposition. Mr. Hardeman.

Mr. Ernie Hardeman: Thank you very much for your presentation. You talked about how once you put the rent control on, that isn't going to change the market supply. How do we get people to make the decision to invest in building more stock, as opposed to dealing just with the stock? I know that the rules today, as they would be applied in this bill, will put the rent control on everything that presently exists. But we all know that this whole discussion started over, how do we get people to provide more supply?

If we go to the first rent control, it was put on—as this bill is proposing—across everything that was there. In 1991, the NDP government decided that that was stopping anyone from investing in building rental accommodations. They put this exemption in at that time. What do you see as the answer to that problem—that they quit building in the present—under your scenario?

Dr. David Hulchanski: The problem with supply—most of our economy runs on private sector market supply of all kinds of things, from what we eat, our consumer goods, you name it. If there's effective market demand, it's going to be supplied—so there, period, end of day. The fact is, it's not happening and it hasn't been happening. We have 30 years of evidence of no supply, even with the changes that exist up until now.

So the answer is, what we used to do from World War II up until 1984—we did have an incentive program for private investors to build rental buildings. Most of our existing rental stock from that period was subsidized—not subsidized as much as social housing, but it didn't need too much subsidy because inequality was less. So that gap I mentioned earlier between owners and renters was much smaller; renter incomes were higher compared to owners than they are today, you see. The private sector was able to supply, but they did need those subsidies. There were second mortgages and there were all kinds of things like that to stimulate construction of rental housing.

Mr. Ernie Hardeman: So you're suggesting that we should have more support for rental building?

Dr. David Hulchanski: Yes. We need social housing supply and we need private sector rental housing supply.

Neither is going to happen without subsidies. The private sector won't be affordable for really low-income people, but it will happen if there's a good enough incentive program from the two senior levels of government.

The Chair (Mr. Grant Crack): Thank you very much. We appreciate it. Mr. Hulchanski, thank you very much for sharing your insight with us—

Dr. David Hulchanski: Thank you for your time.

The Chair (Mr. Grant Crack): —again 20 years later. Appreciate it.

Dr. David Hulchanski: I hope not. Thanks.

ACORN CANADA

The Chair (Mr. Grant Crack): Next we have with us, from ACORN Canada, Alejandra Ruiz Vargas, who is the housing spokesperson. We welcome you, Madam Vargas. You have up to five minutes for your presentation. The floor is yours.

Ms. Alejandra Ruiz Vargas: Thank you. How is everybody today?

The Chair (Mr. Grant Crack): Very good.

Ms. Alejandra Ruiz Vargas: Good. We'll start.

My name is Alejandra Ruiz, and I am the elected chair for East York ACORN. As you know, ACORN is a membership organization. We work with people of low income or moderate income. We have active chapters in Ottawa, Hamilton, Oshawa, Mississauga, Brampton and Toronto, and of course a lot of supporters who live here and across Ontario.

Our ACORN has long championed something that we call real rent control as a tool to sustain affordable rents in Ontario. This requires changes to the Residential Tenancies Act in three ways:

(1) Rent control must be placed on all buildings, not just those built before 1991.

(2) Tenants are no longer victimized by unfair and unnecessary above-the-guideline increases.

(3) Rent control must be placed upon apartment units, not just the leases, by creating a rental registry of each unit in the province.

We are pleased at the significant step that the government has taken with the Rental Fairness Act. By ending the post-1991 exclusion, thousands of families and individuals can have secure housing. They can live without fear that their rents are going to double.

Overall, the post-1991 buildings exclusion from all rent control laws was a failure. It did not lead to a boom in rental development, as the development industry said it did. It leads us to believe no purpose was served other than allowing owners to maximize profit.

More importantly for this committee is the discussion about above-the-guideline rent increases. The Rental Fairness Act will be writing into legislation two things that we support:

(1) AGIs will not be granted for utilities, which will incentivize building upgrades and put a stop to the trend of passing on every increased utility cost to tenants.

(2) AGIs will not be granted if there are any outstanding orders for elevator repairs, meaning buildings where landlords have allowed elevators to fall into disrepair will get AGI immunity.

We want the government to go further to protect tenants from unfair AGIs by extending AGI immunity to other health and safety issues that are common in the more affordable private rental apartments in the province.

To illustrate this, I will give you a quick example: Northview Apartment REIT was granted an AGI increase totalling \$550,000 over three years at 100 Dundas Street East in Mississauga. That's half a million dollars more in rent that tenants will have to pay. The building has around 190 units, meaning tenants will pay roughly \$2,900 in a three-year period. That means \$80 a month extra. The AGI was granted for the following upgrades: HVAC system, security system, building envelop, fire retrofit and exhaust fans.

1550

These are hard-working tenants trying to get by in the GTA. It's a good thing that the tenants of 100 Dundas Street in Mississauga are so hard-working, though, because they have to work even harder to get basic repairs done in their building—tenants like Marcia Powel, who has been unable to get simple work orders done by building management. She is left with a broken fridge, bugs, broken cabinets and a rent increase.

Northview Apartment REIT is traded on the Toronto Stock Exchange, with assets totalling over \$3 billion. Landlords applying for AGIs are large corporations that know how to exploit the loopholes, like Northview Apartment REIT.

This is why ACORN is calling on this committee to amend the Rental Fairness Act to expand the AGI immunity beyond elevator disrepair and include other health and safety violations common in apartments across Ontario. The landlords need to be incentivized to keep their buildings up to municipal codes, and certainly should not be rewarded for not doing so.

There are easy policy solutions which I hope you explore and write into this act. For example, with the new apartment bylaw system in Toronto, the Landlord and Tenant Board could simply mandate that the landlord must clear all municipal work orders before being granted an AGI. This would ensure that when a tenant has cockroaches and her landlord is doing nothing about it, the landlord cannot be granted an AGI to fix something like the security or HVAC systems.

I really appreciate the time that you've given to us, and I'm ready for some questions.

The Chair (Mr. Grant Crack): Thank you very much. We'll start with the government side. Mr. Anderson. No?

Mr. Granville Anderson: No.

The Chair (Mr. Grant Crack): Oh, Ms. Hoggarth.

Ms. Ann Hoggarth: Good afternoon. Thank you for your presentation. During our consultations with both tenants and landlords, we heard the need for a standardized lease. We learned that there are often illegal clauses

in leases that violate the RTA. We want to make sure that we get the details right. That's why, should this legislation pass, we will consult further with our stakeholders on this item.

What would your organization like to see in a standardized lease?

Ms. Alejandra Ruiz Vargas: We would like to see clear information. The other thing we think is very important is that with standardization, we're not going to have mismatched communication. Information has always been a problem between landlord and tenant, especially with our members, because many times, the leases are not clear. We want leases to be very clear and fair.

Ms. Ann Hoggarth: No loopholes.

Ms. Alejandra Ruiz Vargas: And the loopholes have to be gone.

Ms. Ann Hoggarth: Okay. Do you think this will help, making it standardized everywhere?

Ms. Alejandra Ruiz Vargas: Oh, yes, totally.

Ms. Ann Hoggarth: Okay, great. As you're aware, we are proposing that when a landlord ends a tenancy on grounds including not paying the rent or late payment, they can't charge additional fees or penalties if the tenant has already vacated the unit. Are you supportive of this provision? If so, what will these mean for low- to moderate-income renters?

Ms. Alejandra Ruiz Vargas: We really don't have a policy right now, but I will say personally that, yes, we support that. This will be less worry for low-income. As you know, being low-income is very difficult. Even now, the idea of paying the rent is very difficult, but at least we know that we can sleep, thinking that we're going to wake up and we're not going to see the rent double. It's good. What you are mentioning will be a good help.

Ms. Ann Hoggarth: Great. Thank you very much.

The Chair (Mr. Grant Crack): We'll move to the official opposition. Mr. Hardeman.

Mr. Ernie Hardeman: Thank you very much for your presentation. I was interested in the first part of your presentation, about the owner of the building and getting the extra rent for upgrades. When you list them here—the security systems, the building envelopes, fire retrofits and exhaust fans—when the building was originally constructed, those items would not have been in it.

Ms. Alejandra Ruiz Vargas: Would not have been what? Sorry.

Mr. Ernie Hardeman: They may not necessarily have been in the building at the time it was built, because the building code was different, because these are buildings built prior to 1991. If it wasn't there then, how would you suggest that the landlord should pay for it—or, how do we make him pay for it if there is not the ability to get the money back for it, if it wasn't originally required? I totally agree with you: If there's something in there that was there before, isn't working anymore and it's worked out, that should be part of the normal increase each month. But if it's some new addition that government is forcing, through the new building code, to

be put in the building, and they've capped the rent and said, "This is all you can get to cover your cost"—how would you suggest that you deal with those to make sure that those buildings still get upgraded?

Ms. Alejandra Ruiz Vargas: First of all, being a landlord is a business. Business demands investments all of the time. What we were thinking, as members in ACORN, is that we are subsidizing this business. This is the only business that wasn't licensed—at least in Toronto. I'm speaking now of Toronto. Finally, it's licensing. Every business in the city invests. This will be an investment. Why? The people who are the tenants have to pay for that investment. We the tenants are paying for the investment. This is unheard of. Am I clear with that?

Mr. Ernie Hardeman: Yes. I would totally agree, if it's just being put in, and that's why they have to apply to the board to get approval. If it's just to increase the value of their investment, you shouldn't have to pay for it. But if it's required for health and safety, and they didn't have to provide it before but now have to provide it—the business plan for running that building, their investment, didn't include adding all these on. Wouldn't you think that some of that has to be able to be put into the returns? Like you say, they're an investment. And nobody makes investments unless there's a return on that investment.

Ms. Alejandra Ruiz Vargas: The landlord should only be granted AGIs when they have up-to-date repairs. If they prove to a landlord-tenant board that there have been repairs in the building and they are up-to-date, they can grab the AGIs.

The Chair (Mr. Grant Crack): We'll move to the third party. Mr. Hatfield.

Mr. Percy Hatfield: Hi, Alejandra. Thank you for coming back, and thank you for everything ACORN does on behalf of tenants across Ontario.

I was interested in your call for a rental registry. How do you see that working?

Ms. Alejandra Ruiz Vargas: I think this will have an invaluable meaning for tenants and for everybody in Ontario—the fact that you can go on Google and ask, "What is the landlord situation? Is it number one or is it the worst?" This will give a little bit of respect for the tenant.

Mr. Percy Hatfield: You like the fact that landlords couldn't charge every time they get an increase in their utilities. Do you expect, with the cost of living going up because of the rise in utilities, that the tenants would have to pay in the subsequent year for the utility increase in the year previous?

Ms. Alejandra Ruiz Vargas: The utilities are in the raise. Everybody knows that. But now that the utilities are separated from the rent, because before it was all together—this is what you mean?

Mr. Percy Hatfield: I just can't see tenants not paying higher utility costs if utilities keep going up and up. At some point, why would the landlord still want to provide that service if his utility costs have gone up a lot and he's not getting much in the way of a rent increase?

Ms. Alejandra Ruiz Vargas: It's a reality right now that it's very difficult to find apartments where utilities are included. We are living right now—

1600

Mr. Percy Hatfield: So you're paying the increase yourselves?

Ms. Alejandra Ruiz Vargas: Yes.

Mr. Percy Hatfield: Okay. And the last part: I really like your idea that you don't get the AGI unless every health and safety violation is corrected, not just the elevators. I love the elevators, I love Han's bill, but it's more than the elevator aspect of this. Every health and safety violation should be corrected. Thank you for reminding the committee about that.

Ms. Alejandra Ruiz Vargas: Thank you so much, Percy.

The Chair (Mr. Grant Crack): Thank you very much. We appreciate you coming before committee this afternoon and sharing your insight.

Ms. Alejandra Ruiz Vargas: Thank you. Have a beautiful afternoon.

The Chair (Mr. Grant Crack): Thank you. You too.

QUINTE REGION LANDLORDS ASSOCIATION

The Chair (Mr. Grant Crack): Next on the agenda we have, from the Quinte Region Landlords Association, Robert Gentile, president. We welcome you, gentlemen. You have up to five minutes, and the floor is yours.

Mr. Robert Gentile: Thank you. My name is Robert Gentile. I am the president of the Quinte Region Landlords Association. This is Ken Sit, one of our members. Approximately 300 landlords are involved in our association, most of whom are small landlords and average, everyday Ontarians in eastern Ontario.

Ontario needs small landlords. In our area, the local municipal government, which houses many Ontario Works clients, said they could not do it without private landlords. Over 90% of Ontario rental housing is provided by small landlords. Typically, these are everyday, middle-class, hard-working Canadians. Our members include a truck driver, a nurse, a hairdresser, a government employee, a personal support worker, a firefighter, military personnel—the list goes on and on. These are not wealthy people by any means. These are your fellow citizens, and they are currently suffering under Ontario's already burdensome and unfair regulatory environment.

Bill 124 only makes this worse. In the time that it takes me to read this brief to you, another Ontario small landlord will be victimized by a professional fraudster tenant, costing thousands of dollars in lost rent. Another landlord will realize thousands in losses from their apartment being destroyed. Countless others will come to the rude awakening that Ontario's broken Landlord and Tenant Board too often offers no justice at all. This is the reality for small landlords in Ontario. Many cannot afford it, and they are leaving the industry.

Let's talk about the 1991 rent control exemption being eliminated. Current rent control guidelines are woefully inadequate in allowing landlords to keep up with rising costs. Insurance, hydro double-digit increases—we've seen those recently. Water has increased well above the 2.5% cap in some instances. Yet over the years, the guideline has been as low as 0.8%, and this year it's a mere 1.5%. This is unfair and punitive to small landlords with long-term tenants because they are falling behind financially.

Bill 124 places further restrictions on above-guideline rent increases and eliminates them on hydro altogether. The current above-guideline increase allowed is already capped at a mere 3% per year for three years regardless of actual costs.

The existing situation is also unfair and prevents landlords from keeping up with costs. Many landlords do not charge utilities and have it built into their rents. The process of switching tenants over to paying their own utilities is onerous, and virtually impossible in certain circumstances.

Regarding the evictions for personal use, it's fundamentally unfair to make landlords pay the tenant so they may use their own property. Often this method is used when a landlord has suffered a significant amount of financial losses already from a non-paying tenant and is quitting as a landlord and reclaiming their space. This especially applies to second suites and basement apartments. The existing law already addresses abuse of this process, and the problem can be addressed by going after the abusers. This will scare many people from renting out parts of their home that they may not be able to reclaim later.

The proposed standard lease is an example of Big Brother government at its worst. Ontario has already stripped landlords of many tools to protect themselves, and the lease is one of the very few remaining tools they have. Every landlord and property is different and landlords need the flexibility to adjust their leases accordingly. Since when is government in the business of forcing private entrepreneurs to use government-written contracts for their businesses? Who is going to decide what goes in the lease? The Residential Tenancies Act already unfairly restricts what can be in a rental agreement, and we fear this bill will worsen that situation.

Bill 124 also permits tenants to withhold rent if they do not receive a copy of the lease agreement within a certain period of time. Small landlords already face enough problems with tenants illegally withholding rent, without the province giving them one more reason to do so.

For years, small landlords have seen their rights, their ability to protect themselves and access to justice slowly whittled away by each successive government. Justice Ted Matlow of the Ontario Superior Court said that "there is a growing practice by unscrupulous residential tenants to manipulate the law ... and often dishonestly, to enable them to remain in their rented premises for long periods of time without having to pay rent to their

landlords. It is practice that imposes an unfair hardship on landlords and reflects badly on the civil justice system in Ontario. It calls for the government, the Landlord and Tenant Board and this court to respond."

Well, the government did respond, but it didn't finish. Last year, the Ministry of Housing launched its small landlord consultation paper and process. The aim was to improve the regulatory environment, and encourage more people to become landlords and thereby provide more housing. For the first time in years, Ontario small landlords thought there might be a glimmer of hope to have their concerns finally recognized and dealt with.

In December 2016, the CBC reported on the plight of a Kingston landlord who suffered losses in excess of \$30,000 at the hands of an unscrupulous tenant. He was also the victim of a broken justice system that is full of delays, loopholes and procedural imbalances.

CBC News reported, "The Minister of Housing worries about landlords like" this fellow "pulling out of the market when rental units are in such short supply."

Minister Ballard was quoted as saying, "If it's enough to scare off someone from renting a suite in their basement, we don't want to have that happen. So we need to look at legislation, and that's what we're doing."

The Chair (Mr. Grant Crack): Thank you very much. I gave you an extra little bit of time.

Mr. Robert Gentile: Thank you very much.

The Chair (Mr. Grant Crack): You're welcome.

We'll start with the official opposition. Mr. Hardeman.

Mr. Ernie Hardeman: Thank you very much for your presentation. I think, as you pointed out, there are a number of concerns because of the universality of the policy that we're talking about in this bill, and the fact of how it impacts different-sized landlords, landlords of different properties, in different ways.

What do you recommend that would be changed that would deal with the difference between being a small landlord and a big one? If we accept the fact that what the government is proposing is going to happen, what do we need to put in place to protect one apartment in the basement, or two apartments in a larger home, to make sure that they keep wanting to rent it to other people? What would you suggest would be helpful?

Mr. Robert Gentile: It's a very good question, and it has come up a lot of times in conversation. It's actually too long of an answer for me to give you the full one that I would like to today.

The Residential Tenancies Act, I believe, was originally written, and keeps getting tightened over the years, to protect vulnerable tenants from large, abusive landlords. There are bad-apple landlords out there, quite frankly. The problem that you raised is that the same hammer hits the small individuals pretty hard, who can't afford that.

In the case of a city like Toronto that is bringing forward bylaws to penalize some of these negligent landlords, they have focused on the larger buildings. I think that's probably a good approach to take, which is to draw a distinction between the larger landlords that can

afford to absorb some of these costs, versus the small landlord, who may be a senior citizen who's just trying to stay in their home and afford their mortgage payments, and that's why they are renting out their basement.

Very specific changes like that would be too long of an answer for me, but we should have coffee afterwards and I could talk to you for an hour.

Mr. Ernie Hardeman: The other thing is, we've heard expressed that there is going to be a decrease in the number of apartment units being built. We're talking more in the large landlord class. Do you envision the same challenge we're going to face with smaller landlords not getting into the business because of this legislation?

Mr. Robert Gentile: Mr. Chair, can my colleague take this question?

The Chair (Mr. Grant Crack): Absolutely. You have 30 seconds.

Mr. Ken Sit: I think we all know of landlord horror stories. Everybody knows someone who has been involved in one. I think you're getting a lot of that in the press these days. It's making small landlords very afraid to rent out their basements and invest in houses and condos and things like that, and I think you're going to see more and more of that.

While this is great for tenants—and I agree that they have got to have their own protections too—it's scaring a lot of small landlords away from renting out their basements and things like that.

Mr. Ernie Hardeman: Thank you.

The Chair (Mr. Grant Crack): We shall move to Mr. Hatfield.

1610

Mr. Percy Hatfield: Thank you for coming in, Robert. How many tenants do you have?

Mr. Robert Gentile: I have, under my own name, approximately four tenants. I'm a very small landlord. Collectively, I work with my family, and we probably have in excess of 20 tenants.

Mr. Percy Hatfield: Do you have a written lease for these tenants?

Mr. Robert Gentile: Yes, with each one.

Mr. Percy Hatfield: Are they all the same, a standard written lease?

Mr. Robert Gentile: Some of my tenants have been around for 10 years, so I have since switched versions, but the new tenants all get the same one.

Mr. Percy Hatfield: Yet you don't like the idea of a standard lease for everyone.

Mr. Robert Gentile: No, because of the reasons I stated. Each rental apartment and each landlord is operating their rental business, for lack of a better term, differently, and they need to have the flexibility to accommodate for that.

Mr. Percy Hatfield: I believe you said that 90% of the rental housing in Ontario is provided by small landlords. That's new information to me. I guess I'm looking at all of the large apartment buildings and condo buildings in Toronto that are rented out, and I'm looking

at the province as a whole. Obviously, I haven't been thinking enough about the rest of the province. Where does that figure come from, that 90%?

Mr. Robert Gentile: It was reported by Rental Housing Business, which is a magazine. They contracted a study to be done sometime in the last two years. The exact firm that did the study or methodology, I can't answer at this point in time—

Mr. Percy Hatfield: That's okay. I don't really need all of the information on it.

I want you to pick a number for me out of the air, a number that, in your opinion, would differentiate between a small landlord and a large landlord. If we're going to change this bill to allow small landlords more leeway, what's that number that we should be using?

Mr. Robert Gentile: I can give you a number right now, but it will not be based on a lot of thought or education.

Mr. Percy Hatfield: I just want a number.

Mr. Robert Gentile: It's a big discussion to have. I would say that a landlord with 10 or fewer apartments—that's individual units—would most definitely be considered very small. A basement apartment would be on the bottom end of small, of course.

Mr. Percy Hatfield: Of course. How many members are in your landlords' association in the Quinte region?

Mr. Robert Gentile: We have approximately 200 members, and another 100 subscribers to our information that we put out and that attend our meetings. That's where the 300 comes from.

Mr. Percy Hatfield: Thank you very much.

Mr. Robert Gentile: Thank you.

The Chair (Mr. Grant Crack): We shall move to the government. Mr. Anderson.

Mr. Granville Anderson: Mr. Gentile, thank you very much for being here. I see your member is sitting right over there, listening to you attentively.

Mr. Robert Gentile: Yes, we thank our member.

Mr. Granville Anderson: Based on your argument during your presentation, you don't see very much that's right with this bill. So what would you propose? What changes would you like to see in this bill to make it, in your opinion, fairer to landlords?

Mr. Robert Gentile: Without asking the Chair for another 15 minutes, which I know he will not give me, what I can say is that there are a few things:

The standard lease: The Residential Tenancies Act already specifies what can and cannot go in that lease, so I don't think that that's necessary at all. Yes, there are small landlords that are uneducated and put the wrong things in the lease, but that's a matter of enforcement and correcting that, not bringing in a new hammer.

The rent guidelines: I would like to see that go to wider consultation, so that they're more flexible and actually reflect the real costs that landlords face, because 1.5% or 2.5%, in many years, is woefully inadequate.

The above-guideline increase: Again, I'd like to see those actually loosened to become more reasonable,

because they're already highly restrictive. Bill 124 takes it in the opposite direction.

Sorry. Did I answer your question?

Mr. Granville Anderson: Somewhat.

Mr. Robert Gentile: I want to be mindful of the time.

Mr. Granville Anderson: You also alluded to high hydro rates. Do you know of the fair hydro plan? You're very rural, so you'll probably get the 25%, and you're probably eligible for up to another 50% more in reductions in hydro rates. I believe that is fixed, and that these rates will be over a long duration of time. I don't think that would factor in in your price increases, because that is supposed to be fixed now. Are you aware of the changes to the hydro rates?

Mr. Robert Gentile: Yes, and that is welcome news to landlords. In that particular situation, rates have gone up so much over the last three or four years that, without being an expert on the figures, our concern is that the corrections, or the adjustments, that the government is making are going to perhaps simply minimize the increases that have already occurred over the last few years and really get very few landlords that far ahead, especially when they've only been able to raise rents by minuscule amounts over the last number of years.

Mr. Granville Anderson: Those are all the questions I have. Perhaps my colleagues have—

The Chair (Mr. Grant Crack): No, that would be about it, sir.

I'd like to thank both of you gentlemen for coming before our committee this afternoon. It's much appreciated.

Mr. Robert Gentile: Thank you for your time today.

NON-SMOKERS' RIGHTS ASSOCIATION

The Chair (Mr. Grant Crack): Next on the agenda we have, from the Non-Smokers' Rights Association, Mr. Andrew Noble, program manager of outreach and education.

Welcome, sir, to committee this afternoon. You have up to five minutes for your presentation.

Mr. Andrew Noble: Thank you very much, Mr. Chair. I sincerely appreciate the opportunity to come. I know a lot of people are talking about different aspects of the bill today. My interest is a bit different than some of the people that you'll hear from today. I'm here to talk about smoke-free housing and the benefits of it, and how the bill can be changed in order to make that more possible for landlords across the province, which would benefit tenants and landlords.

The Non-Smokers' Rights Association began over 40 years ago. We dedicate our efforts to creating more and more smoke-free spaces. Through our foundation, we continue to work on the issue, focusing on the housing sector, with support from the Ministry of Health and Long-Term Care. The hub of this work is Smoke-Free Housing Ontario, which is a partnership with public health units and agencies such as the Canadian Cancer

Society and the Ontario Lung Association. That is the program that I manage.

Apartment residents throughout Ontario call, email and visit our website because their health is being affected by their neighbours' smoke. The smoke is not staying within the smokers' units; it is travelling. It's a well-acknowledged problem in both the tenant and the landlord sector. In fact, all 36 public health units receive similar calls, and these calls are very heart-wrenching. They're often from vulnerable people, including seniors, and they're from rural as well as urban areas.

Regarding the act, we have two recommendations. We'd like an amendment to the act so that landlords may terminate a tenancy solely based on the violation of no-smoking provisions in leases. We note that this is a measure that was identified during the ministry's consultation in June 2016. We also request that the government include smoke-free clauses in the proposed standard lease.

Residents of multi-unit housing need to be protected from second-hand smoke from combustible products including tobacco and marijuana. All forms of exposure to second-hand smoke are dangerous and have negative health consequences. Second-hand smoke from tobacco is responsible for many illnesses, including types of cancer, lung diseases such as asthma, as well as cardiovascular and other health issues. In fact, there's no safe level of exposure. It's very toxic. We all know this.

You may be less familiar with second-hand marijuana smoke or have given it less consideration. It contains fine particles, cancer-causing compounds and VOCs, as well as carbon monoxide and heavy metals. Keep in mind, it's common for people who are smoking marijuana to mix in tobacco.

Although legislation such as the Smoke-Free Ontario Act has substantially reduced involuntary exposure, it remains a threat, especially for those who live in multi-unit housing. The exposure hits low-income families. These are often the people who call. This is partly because they've got less choice in the housing marketplace. They simply cannot afford to move. If they're lucky enough to have a rent supplement or RGI—rent-geared-to-income housing—they're not going to move. They're essentially stuck. We talk about them being marooned.

Regarding the amendment, it's currently legal for landlords to add a smoke-free clause to the lease. However, it must be enforced indirectly, either through "Reasonable Enjoyment" or through "Damage." Although it's possible to use these sections, it's not always straightforward. For example, sometimes, depending on the member, the landlords may have to demonstrate that not only did the tenant violate the lease by smoking, but it was substantially interfering with others.

1620

Enforcing these clauses right now is indirect and cumbersome. Many landlords are reluctant to include them. They're concerned about how difficult it would be if they have to go to the board to enforce them. By creating a clearer path to implementation and enforcement

of smoke-free policies, the government will foster an environment where many landlords will have more confidence to act and will create safer and healthier housing.

Regarding the standard lease, the main point I'd like to make here is that the standard lease should contain at least an option for smoke-free housing. If it does not, landlords will not include it and tenants will not ask for it, in spite of it being a legal element of the lease.

The Chair (Mr. Grant Crack): Thank you very much; we appreciate it. We'll start with the government: Madame Des Rosiers.

M^{me} Nathalie Des Rosiers: Thank you very much for coming, and thank you for your presentation. And thank you for all the work that you are doing to continue to support a smoke-free Ontario.

One of the issues that we are facing is that we know that smoking is addictive, and that many people, often in vulnerable situations, are smokers. We know that many homeless people are smokers. So one of the issues that I think we are struggling with, and maybe you could help us in resolving this dilemma, is there is a Housing First principle trying to get homeless people housed. One of the concerns was that, by strict no smoking, and eviction upon violating the non-smoking, we were going to house people and then put them back on the street.

The proposal that has been circulating thinks a little bit more in a long-term way in terms of creating the right services to support people to help them to stop smoking, and supports them that way, as opposed to going the more punishment route. But I would like to hear you about whether that makes any sense, and whether you had thought about the impact that it would have on homeless people, for example.

Mr. Andrew Noble: Yes, we have thought about that. You raise some very good points, because as a health organization we are, of course, concerned with all types of health. We realize that having stable, safe, affordable housing is an important component.

One of the things that we like to consider, though, is that having safe housing, to us, means that your air is not polluted. Just like you're introducing measures to make sure that there are standards in housing, and in the past you have done that, we think that smoke, which is an extremely toxic substance, has no place in rental housing. That protects not only wealthy tenants; it protects low-income tenants as well.

I'd also like to point out that even in the lowest-quintile income, which is under \$10,000, smoking rates are definitely higher than they are in the highest quintile. But they run about 30%. That's high—and it's too high—but I'd like you to keep it in mind and flip it around a little bit. We have seven out of 10 people in the lowest-income quintile who would benefit from this. Even the people who are in that 30% may benefit because they could choose to quit on their own, or they could be less inclined to smoke, and when they're not smoking, they wouldn't receive the second-hand smoke. There's a huge health benefit for the very people that you've mentioned.

The Chair (Mr. Grant Crack): Thank you very much; we appreciate it. We shall move to Ms. Munro from the official opposition.

Mrs. Julia Munro: Yes. Thank you for coming here to give us a different perspective on this issue. What I was going to ask you was whether or not there is merit—or it's already done or it has been discarded—to consider a disclosure methodology of sorting out people who would consider being tenants in a certain place. I know for myself, for instance, I would pass on that opportunity because of what I know my reaction would be to living with smoke wafting in. Has there been any discussion or ideas put forward on the issue just of disclosure?

Mr. Andrew Noble: Yes, there has. We've considered this and we've talked about it with our public health partners. I'd also like to point out that you're like many people. Over 80% of people would choose smoke-free housing.

The issue with disclosure is that it would probably work a lot better for higher-income renters who have more choice in the marketplace. But when you get into the lower rents and the lower-income people, there's a lot less choice. If you find an apartment in Toronto, for example, you plop down your pot of gold and you hope for the best. You don't have time to say, "Well, wait a minute; I'm going across the street." There just is not that kind of opportunity.

I think it could benefit the situation because at least people would know what they're going into, and it might encourage some landlords to do so, but it would not resolve the problem and it would not be as strong or as effective a measure as some of the ones I've mentioned today.

Mrs. Julia Munro: I appreciate knowing more about it in terms of the attempts that you've made to look at this.

The Chair (Mr. Grant Crack): We'll move to Mr. Hatfield.

Mr. Percy Hatfield: Andrew, thank you for the fight that you're waging on behalf of us all. One hundred years ago, when I was working in a building with smokers, I led the fight to kick them out of the workplace—not to take away their jobs; just to make them smoke outside.

I was at a large gathering recently, and somebody was talking about marijuana. Somebody else came to the microphone and said, "That's a racist term. Don't use it anymore. It's 'cannabis.'" It goes back to, I think, Mexico. Just for your edification and the continued work that you're doing, "cannabis" may be a better word because it's all-encompassing. We all know what cannabis is, same as we know what marijuana is, but it may be something to consider, just to protect you from any accusations at any point in time. I just throw that out there.

I think in the latest budget, tobacco taxes were up. On one hand, we have the tax revenue from smoking and the unwillingness to take the steps that you're suggesting—banning smoking in rented units. Do you see any correlation there? Do you believe there's anything more than that they just don't want to do it?

Mr. Andrew Noble: First off, I'd like to congratulate you on your past efforts regarding the workplace. Similarly, I would like to point out that we're not suggesting by any means that renters who are smokers should lose their housing, much as you did not suggest that people would lose their jobs. We're just suggesting that people relocate their smoking.

I'm sure, as members who work long hours in this building, you can appreciate what would happen if your neighbouring office was smoking and why you would want that changed.

The second point, regarding marijuana: Thank you very much for pointing this out to me. You're the first person to do so. I will look into this and change. I certainly had no intention of offending. Much of the literature is written about cannabis with the term "marijuana," so if I made a mistake I apologize for—

Mr. Percy Hatfield: I didn't suggest that. I was just letting you know what I had recently learned.

Mr. Andrew Noble: We'll all learn about this together, especially when Canada Day 2018 rolls around.

The issue I also wanted to address is that we're not proposing a ban on smoking; we're proposing that we create a better environment for no-smoking policies.

The last issue, related to taxes: I applaud the government for raising tobacco taxes, because it's a measure that will reduce the prevalence of smoking. I don't see that there's that much of a connection between these two issues. Taking the amendments that we've suggested as well as a tax increase could work towards a goal which I think all members of the Legislature could support.

Mr. Percy Hatfield: Thank you for doing what you do.

The Chair (Mr. Grant Crack): We want to thank you, Mr. Noble, for coming before committee this afternoon. It's much appreciated.

ONTARIO REAL ESTATE ASSOCIATION

The Chair (Mr. Grant Crack): Next we have, from the Ontario Real Estate Association, the manager of political programs, Mr. Chris Dacunha—I believe I've pronounced that right—and, no stranger to this place from the past, assistant director, government relations, Adam Yahn. Welcome to you both, gentlemen. You have up to five minutes for your presentation. The floor is yours.

1630

Mr. Adam Yahn: Be gentle.

The Chair (Mr. Grant Crack): We'll try.

Mr. Adam Yahn: Good afternoon, Mr. Chair. Thank you to the members of the committee for allowing us to speak today on Bill 124. My name is Adam Yahn. I'm the assistant director of government relations at the Ontario Real Estate Association. Joining me today is Christopher Dacunha, OREA's manager of political programs.

By way of background, OREA is one of the province's largest professional associations, representing over 70,000 salespeople and brokers in 39 real estate boards.

We are here today to speak to you briefly about Bill 124. First, we would like to commend the government for taking action to help every Ontarian achieve the Canadian dream of home ownership through the Fair Housing Plan. We are pleased that the government listened to the advice of realtors to increase housing supply and to conduct a full review of the Real Estate and Business Brokers Act, 2002, to raise the standards of the profession.

We are concerned about some of the proposals included in Bill 124. In particular, we are concerned about the removal of the 1991 rent control exemption and the creation of a standard lease agreement.

Currently, residential units occupied on or after November 1, 1991, are not required to comply with the province's rent increase guidelines. Under Bill 124, that will no longer be the case. As we have stated in the past, the issue impacting housing affordability in the province is a lack of housing supply, and that includes the supply of rental housing. We are concerned that removing the 1991 rent control exemption will restrict supply and consumer choice. The province needs to help the private sector build more purpose-built rental buildings. We're worried that rent control will be a barrier to investment in new rentals.

The Federation of Rental-housing Providers of Ontario recently conducted a survey of its members on the impact the proposed rent control rules will have on the development of new purpose-built rental properties. The survey found that approximately 20,000 planned new purpose-built rental units are in jeopardy of being built. If none of these units are built, that would be a huge loss of much-needed rental supply.

This change will not only impact large developers. There are a lot of middle-class, mom-and-pop families who rent out a condo or an extra house or even their basement as a genuine source of income. If you put a cap on how much they charge in rent, they won't reinvest in homes or won't buy them for rentals, which could impact young families and people looking for a place to rent. We hope that the province keeps a close eye on the impact this new policy will have on rental supply going forward.

Our other concern with respect to Bill 124 is the creation of a standard lease agreement. While we support the principle of creating a standard document, we would like to highlight that OREA has a standard agreement to lease: residential, that our members use and make available to landlords and tenants that they work with. We have distributed copies of our agreement to the members of committee.

As you can see, our agreement discloses the length of the lease; who will occupy the unit; the cost of services that the landlord and tenant must pay; and any other additional terms as negotiated by the landlord and tenant.

We do not believe the government should pursue creating another lease agreement. If the government does proceed, we would be happy to work with you to address any issues and make any necessary changes to enhance our agreement to lease, to protect consumers. We would

also be happy to partner with the government to see if we can make our agreement more widely available.

Overall, we are supportive of the government's actions to address housing affordability and hope you take into account our concerns and recommendations.

We'd be happy to take any questions.

The Chair (Mr. Grant Crack): Thank you very much, sir. We appreciate that. We shall start with the official opposition. Mr. Hardeman.

Mr. Ernie Hardeman: Thank you very much for your presentation. The issue of rent control reducing the amount of building of rental units has come up, and we've had two sides to the story. One side says that when it was put in place in 1991, it gradually did start increasing the rental units. But if you look at their chart, it says that it hasn't really significantly made a difference.

The other side comes in and says, yes, but there were a lot of condos built in that time and sold and turned into rental units, so actually, the amount of supply of rental units has increased quite dramatically because of the controls.

The real estate board, obviously—they buy and sell the building that's strictly for rental purposes, and they help buy and sell the condos.

What's your position on that? Do you see that there's going to be a problem with the supply of rental units? Or do you think it's the other way, and that in fact it isn't going to make any difference?

Mr. Adam Yahn: Generally speaking, I would point to the vacancy rate as one of the problems that we have. We have a very low vacancy rate. With that, we have to look at short-term and long-term outcomes. While the rent control may affect the short term and work positively in the short term, we have to look to long-term solutions. Ultimately, the only thing that's going to help our vacancy rates is the creation of supply.

The one point I'll add is that we're not just in the selling business; we also help many people who are looking to rent or work with landlords who are looking to rent out their units. As you can see, that is also the lease agreement that we offer to those individuals looking for our members' services. So we see both sides of the equation.

Mr. Ernie Hardeman: You said you were in favour of the fact that the government came out with a plan to increase the housing supply. My position was, I didn't see much in here that's going to increase supply. If the supply is the problem and we need to curtail the price of it, how is it that the supply is allowing people to buy a condo just for rental purposes and call it a good investment?

Mr. Adam Yahn: Can you repeat? I'm just trying to get a better sense of what you're trying to ask, Mr. Hardeman.

Mr. Ernie Hardeman: The problem is that we're not building the rental-purpose building, but we have a lot of condos that are being purchased by other condo owners who live in the building too but buy one or two units to rent out. If the rent is the problem—that the people can't

afford to pay that rent—why would these people be buying that condo to rent out?

Mr. Adam Yahn: For some people, often it's an investment choice. The way I would look at it is, it's contributing to the supply. We're not opposed to many of the policies that were put in place by the government in Bill 124. We're in favour of the many incentives. We believe in increasing incentives to drive that purpose-built rental housing. Whatever steps are needed to increase the supply are ultimately what our members and us as an association would support.

Mr. Ernie Hardeman: Okay. Thank you.

The Chair (Mr. Grant Crack): Mr. Hatfield.

Mr. Percy Hatfield: Hi, Chris. Hi, Adam. You like your lease agreement. You don't like the government one that would be easily understood by newcomers. I look at yours:

"The landlord hereby appoints the listing brokerage as agent for the landlord for the purpose of getting and receiving notices pursuant to this agreement. Where a brokerage (tenant's brokerage) has entered into a representation agreement with the tenant, the tenant hereby appoints the tenant's brokerage as agent for the purpose of giving and receiving notices pursuant to this agreement. Where a brokerage represents both the landlord and the tenant (multiple representation), the brokerage shall not be appointed or authorized to be agent for either the tenant or the landlord for the purpose of giving and receiving notices."

I would suggest that as a newcomer where English may not be my second language, I would like to have something easily understood. Not that there's anything wrong with what you've been using all of this time, but I would argue a simple lease, easily understood by everyone, the landlord and the tenant, would be more suitable as we go forward. Would you not agree?

Mr. Adam Yahn: What I would say is, that's why it's important to have a realtor to help walk you through those documents, and that way you may understand. But as we said in our presentation, we're not opposed to going back and looking at the agreement of lease that we have and making improvements on it. We're not saying it's the next best thing since sliced bread. What we're saying—

Mr. Percy Hatfield: No. You paid lawyers a lot of money to draft it for you. I mean, why wouldn't you like it?

Something I heard—you were probably in the audience—is that 90% of the rented space in Ontario is provided by small landlords. Is that something you agree with?

Mr. Adam Yahn: I can't put a number on it, but we would agree that there's a large portion in some recent government legislation where they're encouraging second suites. We see a movement to try to increase the rental supply through what we'll call the mom-and-pop families. It is a large portion, and I think that as we listen to other presentations, we'd encourage you to look at whether it's exemptions or ways that are going to adversely impact those small operations—

Mr. Percy Hatfield: So, would you agree there is no cookie-cutter approach to small landlords, large landlords? Small landlords should be treated differently even if they've incorporated? The wording now says that if you've incorporated, you're big and you can't be treated differently.

Mr. Adam Yahn: There's a wide range of rental supply options in the province. It's difficult to look at it and provide a blanket approach in the legislation. Each should be compared equally to each other as opposed to a big corporation compared to that small mom-and-pop operation.

1640

Mr. Percy Hatfield: Thank you for coming in. Please say hello to—what's his name? The guy you work with. The guy who used to work here.

Interjections.

The Chair (Mr. Grant Crack): We shall move to the government side: Mr. Baker.

Mr. Yvan Baker: Thanks very much, gentlemen. Thanks for coming in. I'd like to go back to something that MPP Hatfield was just speaking about in regard to the standard lease. I know that in speaking with people who have been working on this piece of legislation, even people in my own community, what I hear is that a lot of the small landlords really like the idea of a standard lease for a range of reasons. Obviously it reduces costs for them and makes it simpler for them to put that lease together—to come to an agreement with the tenant. A lot of tenants support it, for a range of reasons that we can understand.

From your vantage point, what I heard you say today is that you're in favour of a standard lease because you have one yourselves, but you're not in favour of the government creating one. Am I clear on that?

Mr. Adam Yahn: We're trying to avoid some duplication. We're looking to be a partner. If the government does proceed with the standard lease agreement, we are obviously willing to look at changes if changes are needed, but we think there's a strong foundation that exists in the marketplace that is widely used by landlords and tenants who work with our members. Granted, not everyone uses it, but we think that there's a foundation already built to avoid some duplication within the government.

Mr. Yvan Baker: I appreciate that. I used to be a small landlord. I rented out a condominium at one point, and I worked through a real estate agent who was very much plugged into what you folks are doing. She didn't end up offering me your standard lease agreement, so I can imagine a lot of situations like that where that would happen. It sounds like what I hear you saying is that there's value in a standard lease of some kind; you're trying to avoid duplication. Perhaps the best way to resolve that would be for your organization to be part of a consultation process on the development of that standard lease. Would that be something that would help?

Mr. Adam Yahn: Absolutely. We're happy to be a partner with the government as you move forward with

this. The one thing I would add is that the one great thing about our form is, whether you're a landlord or a tenant in North Bay, Ottawa, Windsor, you have access. It's a standard form that our members use with their tenants and their landlords that we would be happy to work with. It provides a foundation that we can base off of and move forward on anything that the government is willing to move on.

Mr. Yvan Baker: Okay. One other thing—how much time do I have, Chair?

The Chair (Mr. Grant Crack): Forty-four seconds.

Mr. Yvan Baker: Okay. Very quickly. The CMHC data shows that purpose-built private rental units accounted for about 6% of new builds since 1992. That, to me, suggests that the current framework that we have in place isn't encouraging or incenting the construction of purpose-built rental units.

I guess what I'm interested in, in the 20 or 30 seconds we have left, is, as representatives for agents who are, as you say, trying to help folks occupy their spaces as landlords, why wouldn't you support the protections on the rent control side?

Mr. Adam Yahn: We're very sympathetic to many of the challenges that families are facing when it comes to affordability. While rent control may have that short-term outcome, we ultimately think the longer-term outcome that is going to have more benefit over the longer term is finding ways to incent developers, finding ways to build that new supply. New supply is what's ultimately going to help us, in the future, address these issues.

Mr. Yvan Baker: Thank you, Chair.

The Chair (Mr. Grant Crack): Thank you very much; we appreciate you two gentlemen coming before committee this afternoon and sharing your thoughts.

Mr. Adam Yahn: Thank you very much.

Mr. Mike Colle: I'm going to be asking for a clarification on that 90,000 number after the meeting.

The Chair (Mr. Grant Crack): That would be fantastic. Thank you very much.

FEDERATION OF METRO TENANTS' ASSOCIATIONS

The Chair (Mr. Grant Crack): Next on the agenda we have, from the Federation of Metro Tenants' Associations, Mr. Geordie Dent, who is the executive director. We welcome you, sir. You have up to five minutes for your presentation.

Mr. Geordie Dent: Thank you very much. I'm from the Federation of Metro Tenants' Associations—back when there was a Metro, but we still have the name. We provide services directly to approximately 60,000 tenants a year through our hotline, our outreach service and our website. We're speaking today in support of a number of the components of the bill. The provisions recommended we feel will protect millions of tenants in the province from illegal evictions, illegal contracts and horrendous rent increases. I have seven comments on the bill and its components.

(1) Almost all of the academic research I've read on rent control, and I've read a lot of it, is pretty conclusive: Rental housing development is impacted by zoning and tax incentives but not rent control. I've got some great excerpts that I can read for anyone, but I feel I've basically been that annoying guy harassing media people every time they say that rent control doesn't lead to development, and I think the academic evidence is really clear on that.

(2) Expanding rent control to all private rental units in Ontario, including those built after 1991, will, in our opinion, provide tenant stability and prevent economic evictions. We've been fielding calls for years from tenants who have had a \$1,000 increase—one instance where the landlord developed a bad gambling habit and tried to get the tenant to pay for it through a rent increase. We feel that this bill brings an end to that. Since April 20, we've gotten a flood of calls from tenants affected by this issue. I have two in my email since I've been sitting here. A lot of them are very thankful that they finally have some stability and protection. So we think this is great for them.

(3) Developing a standard lease will, in our opinion, protect tenants from illegal contracts. Currently, illegal provisions in leases are the bane of my existence, and they are so common that I don't think I've ever seen a lease, in my 10 years working for the federation, that complies with the law, and that includes my own, which apparently says I can't have a dog. We are really happy to see the government join the other eight provinces in creating a standard lease. We think this is pretty simple. We support also the suggestions from our friends at the Advocacy Centre for Tenants of Ontario—hi, guys—that the legislation should also render void any provisions in existing leases that are inconsistent with the standard lease. Again, I don't want to be taking calls in 40 years from a lease signed last week or a couple of months ago about “can't have a dog.” So, again, we think something clarifying that should be beneficial.

(4) We really think that tightening provisions for landlord's own-use evictions is going to stop thousands of illegal evictions in the province. In the past six months, we've done workshops in Ottawa, St. Catharines and Owen Sound. Last week, we were in Thunder Bay. Every community we go to highlights that this is one of the most major issues in those communities, with tenants constantly getting illegally evicted and the landlord just jacks up the rent. In Toronto, we get calls and emails about this every day. Three of my friends have been hit with these evictions in the last two months. One of them already found the apartment re-rented online for another \$500. We think that, again, this legislation is good to put the brakes on that or at least try to. Landlords have to compensate tenants for “reno-victions” in Ontario. That was a change that happened about 10 years ago, and you saw those evictions plummet. So we feel the same thing is going to happen here. We feel that requiring compensation and a signed affidavit is going to discourage false claims and reduce evictions at a time when the UN has been scolding Canada for increased eviction rates.

(5) Above-guideline rent increases: We feel what's in the bill is a good start, but we really feel that this needs to be stronger. That's one of the most constant things that we hear from tenants in our work. We go into about 200 buildings a year that face these rent increases. We have, historically, supported the elimination of all AGIs because, in our opinion, landlords should do capital maintenance with their profits because it's required under the law, not to increase the value of their asset because they can get a tenant to pay for it. I've got a huge list of buildings; they're just not doing maintenance. They're making millions of dollars in profits a year and they're getting tenants to pay for their capital work, even when certain elements of the property are not good. Again, eliminating utility AGIs and AGIs in buildings with work orders we think is positive, but again, this is one of the most frustrating issues that tenants describe to us when they hear they have to pay for that stuff.

Very briefly, my last two points:

(6) We think that actual rent control is needed to protect the province's infrastructure. This is vacancy control. We now have vacancy decontrol, so you can jack up the rent to whatever market conditions will apply, and I think you've seen the outcomes. In Toronto right now, you're having an escalating housing crisis. No one's moving because they know, whatever they move into, it's going to be a really, really high rate. Quebec went through a low-vacancy rate a number of years ago in the 2000s, but rents didn't spike, primarily because they have vacancy control, in my opinion.

(7) Finally, I agree with almost everyone: What everyone has said here is that more stock is needed. Short term, these provisions that are proposed are good. They're going to help people today in a really difficult scenario. But, long term, the only thing that's really going to help with this is stock. In our opinion and, I think, from everything I've read, the way to deal with that—there's a whole host of ways to deal with that. Zoning issues, tax incentives: These are the things—going back to the programs of the 1970s or even the 1980s, when the federal government was building 25,000 units a year across the country. Those are the kinds of programs that we need that are going to alleviate the situation in the long term.

The Chair (Mr. Grant Crack): Thank you very much, Mr. Dent. We're going to start with the colourful Mr. Hatfield.

Mr. Percy Hatfield: Oh, thank you. You like the tie?

The Chair (Mr. Grant Crack): Yes, very nice.

1650

Mr. Percy Hatfield: All right, good. Thank you, Chair.

Thank you, Geordie, for coming in. This is a very impressive and up-to-date presentation. I see that you have the political results from British Columbia. It should send a chill down the spine of the Liberals across the aisle.

Mr. Mike Colle: Oh, yes, we're chilled.

Mr. Percy Hatfield: You should be chilled, yes.

They are going to be looking at some of the provisions in here—"currently exploring, depending on how the results from last night will pan out"—very up to date. Thank you so much.

I was interested in your suggestion that when we bring in the standard lease—and I hope the government members are listening—any current illegal clauses in a standard lease that won't be impacted by the new one coming in, because they will be grandfathered, will be declared null and void.

Mr. Geordie Dent: Almost all provisions in a lease that are illegal are still illegal. The problem is that I think most people don't know that.

This is, again, the bane of my existence. I get calls all the time, basically being like, "I've got to move out because I need this dog," or "A friend gave it to me," and "Where do I go?" I'm like, "Well, you don't have to move out."

It's really difficult for people to understand: "It's written in the contract, and I signed the contract, but it's illegal, and therefore I don't have to follow it."

Some kind of general announcement—and again, this was done by a number of other provinces when they brought in a standardized lease—we think that would be helpful.

The reason why I'm getting slammed with calls right now isn't because these issues are emerging; it's because they've been in the media a lot. People realize that certain things are illegal that they didn't know were illegal. Certain rent increases are illegal that they didn't know were illegal. Some kind of announcement, we feel, could just really hammer home the point, and would protect a lot of people from illegal provisions.

Mr. Percy Hatfield: I would hope there will be a government amendment to that effect. Otherwise, they will have to accept ours, of course.

Vacancy rent control: This used to be, and now you want it back. Could you explain to the committee what that means?

Mr. Geordie Dent: Yes. Currently, if you're renting an apartment for \$1,000 and you move out, the landlord could jack it up to anything they want—\$1 million.

What happens, when you have a low-vacancy rate, is demand is high, supply is short and you'll get what you're getting right now. According to Global Economics, they said the year-over-year increase in Toronto rents for new apartments was something like 8%, and it was going up. That was higher than Tokyo. It's one of the highest in the world in terms of rent escalation.

If you're a free-marketer who believes, "Ah, the market will sort itself out," I guess maybe that's okay. But if you're like me and believe that housing is an integral part of infrastructure, you don't want people facing massive rent increases and then having to move out of the city or out of the province. I think vacancy control protects against that.

Mr. Percy Hatfield: Thank you.

The Chair (Mr. Grant Crack): We shall move to the government. Mr. Anderson.

Mr. Granville Anderson: Mr. Dent, how are you?

Mr. Geordie Dent: I'm good.

Mr. Granville Anderson: You seem quite thrilled with this bill, and you're satisfied, more or less, based on your comments. Now I'm going to give you time to elaborate about what you think is so wonderful about this bill and what other improvements you would like to see.

Mr. Geordie Dent: Personally, I don't have a lot of skin in this game. I've got a half-decent landlord. I can pay my rent.

The reason why I'm ecstatic is, again, that we get 60,000 people coming to us every year. We go into 200 buildings a year. We walk through them, and we see the conditions. Since the government's announcement, I've had people crying on the phone because their landlord is not going to be able to hit them with 10% increases every year. They were fearful for the future, but now they're not. Now they're really happy about that.

A huge proportion of the calls that we get on our hotline are around illegal lease provisions. We feel this is going to clean that up.

The reason why we're going into a couple of hundred buildings a year is because those buildings are facing above-guideline rent increases in Toronto. A tenant just cannot understand why their rent doesn't cover the maintenance. Why isn't the landlord paying for the elevators outside of their profits? Why are they able to get more money? We have to tell them it's because the legislation allows it. That's really the only reason that we have; we can't field any other kind of reason.

We are going to be happy to tell them that utility AGIs—which I know some people have faced—are gone. That's good. There's going to be some restriction, either through work orders for elevators not being complied with, and possibly some changes to the regulations that we don't really have any information on.

Anything that reduces that, we feel, is good.

Mr. Granville Anderson: Do I have some more time left?

The Chair (Mr. Grant Crack): Yes, you have about a minute.

Mr. Granville Anderson: What would you say to the people who say rent control will result in a decrease in available rental units—

Mr. Geordie Dent: Show me the evidence.

Dennis Keating, former director of urban planning for Cleveland State University, said he doubts that rent regulations have had much of an impact on construction of rental in New York City.

The end of rent control in Boston had little effect on the construction of new housing.

"Evidence from the US shows that in the past, moderate rent controls haven't had a strong effect on the construction of rental properties"—these are academic studies.

Again, I think that the proof is in the pudding. If you asked a tenant, I'm sure they'd say that being able to get a rent increase is the worst thing in the world. But when you look at an objective person, I think the data speaks for itself.

The Chair (Mr. Grant Crack): We shall move to the official opposition. Ms. Munro.

Mrs. Julia Munro: Thank you very much for coming. I wanted to ask you about illegal evictions. Obviously, to any person thinking about this, this would be devastating. Are these because the leases are also a problem? How do you get into an illegal eviction situation? In what kind of circumstances might someone find themselves in that situation?

Mr. Geordie Dent: You'll notice I passed this out. This was from the CBC this morning. Bob Ciborowski, who owns a house that he rents out in the area of Yonge Street and Eglinton said he doesn't think the new penalties will stop landlords hell-bent on pushing out tenants to increase the rent. He's talking about jacking up the rent and wanting to get more, and that's why the tenants are being pushed out. This is the kind of scenario that we're seeing all the time.

My friend Niloofar, who was in the *Globe*—the landlord said, "I'm moving my daughter in." She knew she could fight it, but she didn't know what would happen, or, if she got evicted, when she would be evicted. She decided to move. A Kijiji ad, two days later: rent increase, \$500.

This is the kind of thing we're seeing en masse in Toronto right now. And this is the kind of thing that the communities outside of Toronto, in the province, that we speak to—they say this is their number one issue, because it's a lot of small landlords.

Mrs. Julia Munro: That's where my question was coming from. I wanted to know if you could see any kind of trend. I can't imagine a major developer with apartment buildings is going to be doing things on Kijiji or getting rid of people or using illegal eviction processes. Is it primarily smaller businesses that would be doing this?

Mr. Geordie Dent: Primarily, yes, though not exclusively. Again, my friends at the Advocacy Centre for Tenants Ontario showed a couple of examples where a corporation that owned 152 units was taking advantage of this provision. Those are pretty rare. We're mostly seeing it with smaller, one house kind of landlords.

Mrs. Julia Munro: I think it's really important for us to understand where it's used as a tool. It wouldn't be something that a major developer is going to be engaged in. So I appreciate that—because it's obviously making the individual feel more vulnerable.

Mr. Geordie Dent: Yes. Again, I don't begrudge somebody who actually wants to move into their house. With my first apartment in Ontario, I got evicted for landlord's own use. I go by that place every day, and the landlord is living there. It was a hassle for me, but I don't begrudge him for doing that. He does live there. But I begrudge every landlord who is just pushing people out so that they can get an extra dollar. It's really disruptive, as I know personally, and as everyone knows personally. It shouldn't be happening.

The Chair (Mr. Grant Crack): Thank you. That concludes your presentation. We appreciate your insight this afternoon.

CANADIAN CANCER SOCIETY, ONTARIO DIVISION

The Chair (Mr. Grant Crack): We shall move to the Canadian Cancer Society, Ontario division. We have Ms. Stancu-Soare and Ms. Kharel. If you want to introduce yourselves for the record, that would be much appreciated. You have up to five minutes for your presentation. Welcome.

Ms. Florentina Stancu-Soare: Good afternoon. My name is Florentina. I'm from the Canadian Cancer Society. Along with me is Rubina, one of our youth volunteers on the advocacy team. We want to take this opportunity to say thank you for letting us speak with you today. We're really interested, particularly, in increasing the supply of smoke-free multi-unit housing options.

In 2016, an estimated 29,000 people would have died of cancer in Ontario, and 77,700 new cases would have been diagnosed. There is no risk-free level of exposure to tobacco second-hand smoke. With one in four Ontarians living in multi-unit dwellings such as condos, co-ops, apartments and townhomes, this is of great concern.

I'm going to pass it over to Rubina.

1700

Ms. Rubina Kharel: The Smoke-Free Ontario Act protects Ontarians from exposure to second-hand smoke in nearly all enclosed public places, workspaces and in common areas of multi-unit dwellings. However, involuntary exposure to second-hand smoke still occurs in multi-unit dwellings when smoke travels from individual units through spaces such as ventilation systems, doors, windows and hallways, and seeps through walls and ceilings.

More and more Ontarians, including Ontario families, are choosing to live in multi-unit dwellings. Through public opinion polling, we know that there is a strong demand for smoke-free housing: Some 80% of Ontarians, if given the option between a smoke-free multi-unit dwelling and one without a smoke-free policy, would choose the smoke-free building, all other things being equal; 79% of Ontarians agreed that smoking should not be allowed indoors in multi-unit dwellings; and 78% of Ontarians agreed that parents should not be allowed to smoke at home if their children are living there.

The best way to protect children and Ontarians from the dangers of second-hand smoke in their own homes or adjacent units is to include smoking as a potential breach of a lease agreement.

The Canadian Cancer Society recommends that the government do two things that will have a major impact: amend the Residential Tenancies Act so that landlords can terminate a tenancy solely based on the violation of no-smoking provisions in leases; and promote and support smoke-free housing to landlords, condominiums and housing co-operatives, including in the standard lease.

The government of Ontario acknowledged the problem of second-hand smoke with the passage of the Smoke-Free Ontario Act over 10 years ago. Measures under the act and additional steps taken by municipalities

to create bylaws have dramatically reduced involuntary exposure to second-hand smoke, but it remains a persistent and widespread health threat for those who live and work in multi-unit housing.

One third of Ontarians, or over one million people, who live in multi-unit dwellings report being involuntarily exposed to second-hand smoke in their home.

My family and I faced this issue for years when we lived in an apartment in the city. Though there was a smoking ban in the hallways and in the stairwells, it was poorly enforced. Our neighbours freely smoked in their apartments, exposing us to second-hand smoke that drifted in through our windows. The hallways permanently stank of smoke, all the time. This especially affected my younger sister, who suffers from chronic sinuses. There had been countless nights when she could not sleep due to irritation, inflamed sinuses and breathing problems directly because we could smell the smoke from our neighbours' apartments.

I now live in a condominium and I am encountering the same issues again. Technically, my current building has a provision that does not allow smoking within nine metres of the building and it is also a no-smoking building, but it is not really enforced because my neighbours are always smoking on the balcony, and the smoke drifts up to my room.

We need a healthier Ontario at home, at work and at play. We must take the steps necessary to prevent cancer everywhere and in every way that we can.

The Canadian Cancer Society supports government action that would help increase the supply of smoke-free multi-unit housing in Ontario and protect Ontarians from the cancer dangers of second-hand smoke.

Thank you for your time and your attention to this important issue.

The Chair (Mr. Grant Crack): Thank you very much. We appreciate it. We shall start with the official opposition: Mr. Hardeman.

Mr. Ernie Hardeman: Thank you very much for the presentation and for the concern for the health of everybody in the building. We heard from other presenters about the numbers. Obviously, when you're looking at a compact building with a number of different units in it, every action has a reaction. In order to prevent the smoke from going into the neighbours' apartments, you then have to impose on the rights of the people in the other apartment to smoke in their own home or to do in their own home what is a legal activity in the province of Ontario. So it's not quite as simple.

We were told that it was a 70-30 split, somewhere in that neighbourhood; 70% of the people—I think your numbers somewhat point that out. Between 70% and 80% of people are opposed to second-hand smoke, but what about the rights of the 30% who aren't? How do we deal with that? Is it your contention that we should tell people who smoke that the landlord can evict them out of their house? Can we, as a society, do that?

Ms. Florentina Stancu-Soare: The intention of including smoke-free clauses in the standard lease is not to evict people. There would be a grandfathering in.

I think that it creates an opportunity for dialogue around smoking. We definitely know that the smoking rates are going down, and this is a great opportunity to provide education and awareness, and actually then have policies put in place that set those standards and behaviours for new tenants coming in etc. That would not be the case where someone would be evicted from their home.

Mr. Ernie Hardeman: I just want to go on. I think it has been brought up a number of times that encouraging people not to smoke is the answer. That's why I brought up eviction. I'm not sure that anybody approves of evicting people because they do.

I was told that somebody actually was providing insurance policies to these buildings that said that if you can post and restrict your tenants from smoking, you get a 5% reduction in your insurance. Then you could go and tell the tenants, "If we can all agree that we have no smoking in this building, we get cheaper insurance." Would you suggest that that was a reasonable idea?

Ms. Florentina Stancu-Soare: I think you run into a bit of a patchwork system with something like that because, ultimately, you want the overall system to be enabling people to create these types of policies, and enable the landlords to do that, as well as the tenants, to just be aware of the fact, where they are smoking. One of my biggest concerns is that I do have one of those neighbours who smokes.

Even simple conversations open the door for that, whereas right now, I think the dialogue is a little bit split. We definitely would support having some kind of clause that just enables those landlords to have those conversations—with condo boards, for example—to set those standards etc.

Mr. Ernie Hardeman: Okay, thank you.

The Chair (Mr. Grant Crack): We shall move to the third party. Mr. Hatfield.

Mr. Percy Hatfield: Thank you, Florentina, for coming in, and for bringing Rubina. Wow, what a spokesperson you have. You're grooming them now; you're doing a very good job. I think she has a future in politics.

Ms. Florentina Stancu-Soare: She's better than I am.

Mr. Percy Hatfield: I hope it's with a certain party.

Mr. Ernie Hardeman: We're talking about our future.

Mr. Percy Hatfield: Yes, you got that right.

I'm not sure about one member of our committee. I know that sometimes he smokes, sometimes he quits, sometimes he starts again—not to mention anyone in particular—but the rest of us don't. It's four, five, six, seven, eight of nine—it could be nine at the moment; I don't know where a certain member is these days—but eight out of nine, at least, don't smoke. So I think you're preaching to the choir, for the most part.

But there is that legal question of how far we can go to say that you can't smoke in the apartment that you lease. I believe that in some social housing and some community housing, they are now banning smoking. If you want to live this socialized housing, this rent-subsidy

housing, you cannot smoke. I believe that is happening in some places in Ontario. I believe it's happening in Windsor for sure, or at least they're starting the program.

Maybe you're on the right track, but I'm looking for some insight into how we can go one step further and put something in this act that could be upheld legally if it's ever challenged in court.

Ms. Florentina Stancu-Soare: I think we bring it back to being able to empower those landlords to take some sort of action, whether it is to put those policies in place. Again, we do bring it back to there is going to be grandfathering in, but for new people moving in, they're aware it's a smoke-free building. That also gives them some power of enforcement as well. I think that's one of the key things: When there is no policy in place, there is no enforcement piece. There is a little bit of opportunity to have dialogue, but there is no enforcement, so what is that really going to change?

In terms of having that lease that would include something specifically around smoking, not just general wording, it would really help with that, just like that initial step to get this going.

Mr. Percy Hatfield: You see, I know some people stop smoking and start again. If I didn't smoke when I moved in but then I started again, what would that do? It's like some people drink and then they quit, and then they start again. If you've signed a lease—how is that going to impact on the person who starts up again, once they've signed a lease saying they're not going to do it?

Ms. Florentina Stancu-Soare: If you do sign a lease, that's what would be grandfathered in for you. We know it takes multiple attempts to quit. We know that it's challenging.

But that also does drive the conversation around if you are trying to quit, and if now there's a limitation on that space, that also helps with the behaviour pattern that you're experiencing. Then there are other supports out there that could help you to quit. It starts that larger conversation—and behaviour change, as well—around tobacco use. It definitely would impact that change. But they would be aware of that when they signed the lease, and they would know, "This is a behaviour change that I'm doing, and that could have an impact."

1710

The Chair (Mr. Grant Crack): We shall move to the government. Ms. Hoggarth.

Ms. Ann Hoggarth: Thank you. You did a wonderful job. As a former teacher, I can tell you that when I was your age, I wouldn't have been brave enough to come and also do such a wonderful job.

I agree with you wholeheartedly about smokers. It may seem nasty, but I even have trouble when somebody is in a car ahead of me smoking and they have their window slightly ajar. It comes back and I smell like that when I've finished my trip to wherever I'm going. So I do understand that part.

Someone suggested that smokers not be allowed to smoke in the house with their children. I don't know how you'd possibly enforce that. I know that the police are having difficulty enforcing—there's a law that you can't

smoke in your car when your children are with you. You have to have a law that can be enforced. I understand why we want those kinds of rules in place.

However, during consultations we heard concerns that evictions for violating a no-smoking clause could lead to a greater number of evictions among the populations at risk of homelessness—the ones we're really trying to help, such as low-income households and those with mental health and addiction issues. What is your thought about this point?

Ms. Florentina Stancu-Soare: To reiterate, we are looking at it being grandfathered. We know that we're looking at people who currently live in those types of buildings—rental buildings and condominiums etc. If you do live there, if you're smoking, this wouldn't impact you in the same way. You would suddenly be aware that maybe your building is changing to smoke-free, which could then also help initially drive you towards reconsidering the spaces where you're smoking etc.

We're trying to get the lowest smoking rates in Canada. We're trying to help people change their behaviours. It's just one way that we can help enable doing that. It's by no means the only solution, but it's definitely one step in the right direction. And it wouldn't impact them in that way.

Ms. Ann Hoggarth: I'd just like to know if the Canadian Cancer Society has ever thought of a peer pressure program. For instance, someone said earlier that talking to the people in a friendly way—some people might not receive that message well—giving some kind of peer support and helping people. From what I've heard, it's one of the hardest addictions to give up. Quite honestly, it's very important for a lot of people. They need that comfort of smoking. It might be a good idea if there was some kind of peer support for them in the buildings where they're living.

Ms. Florentina Stancu-Soare: We have a smokers' helpline that people can access—the quit line on the smoke packs etc. So we're in the community. Again, if this is part of what people are considering, there are opportunities for great volunteers like us to actually have those kinds of conversations. That's not to say that this can't still happen if it was included in the standard lease. It would just be part of the support that we could also look at.

The Chair (Mr. Grant Crack): Thank you to both of you for coming before us this afternoon. It's much appreciated.

And Mr. Hatfield, I would be fairly confident to say that all members of the committee are smoke-free.

Mr. Percy Hatfield: Congratulations, Chair. I'm glad to hear it.

ADVOCACY CENTRE FOR THE ELDERLY

The Chair (Mr. Grant Crack): Next on the agenda we have the Advocacy Centre for the Elderly. We have Mr. Graham Webb, executive director; Karen Steward, staff lawyer; and Clara McGregor, staff lawyer, with us

this afternoon. We appreciate your presence. You have up to five minutes for your presentation.

Mr. Graham Webb: Honourable members, good afternoon. I am Graham Webb. I am a lawyer and the executive director of the Advocacy Centre for the Elderly in Toronto. I'm joined this afternoon by my two very able colleagues: our staff litigation lawyer, Karen Steward, to my left, and our staff litigation lawyer, Clara McGregor, to my right. Together we are here to advise you that retirement home tenants need rent control on charges for meals and care services.

If I can begin by informing you—or for some, reminding you—of our role in the Advocacy Centre for the Elderly: ACE is a community legal clinic under the Legal Aid Services Act. We provide legal advice and representation to low-income seniors, community legal education, and law reform and policy work on elder law issues. We were established in 1984, and we are the first specialty elder law clinic in Canada. We have worked extensively in the area of care homes and retirement homes, and our clientele has a vested interest in the proposed amendments to the Residential Tenancies Act under Bill 124, the Rental Fairness Act, 2017.

In fact, if I might just comment, we have a typo in our written submission. We go back to the previous legislation. Our work precedes the Tenant Protection Act. It goes right back to law reform challenges in the 1980s concerning what a care home is. We have worked long and hard in this area of law.

In the 2016-17 fiscal year, ACE handled more than 3,900 legal matters, including some 355 housing matters. The greatest proportion of our work in the area of housing law focuses on care homes under the Residential Tenancies Act, including licensed retirement homes under the Retirement Homes Act. We have worked consistently in these areas of law since 1984.

While we wholeheartedly endorse the extension of rent control to rental units that are presently exempt under the existing legislation, we urgently draw to your attention that there is at present no effective rent control for care home and retirement home tenants in Ontario. The absence of rent control for care home and retirement home tenants will persist until rent control is also extended to charges for meals and care services in care homes under the Residential Tenancies Act, including licensed retirement homes under the Retirement Homes Act.

Under the Residential Tenancies Act, there is no limit to the amount a care home landlord can raise the cost of care services or meals, and there is no mechanism for government oversight of these charges.

The only restriction on increases to charges for meals and care services is under section 150 of the Residential Tenancies Act, which provides that a landlord can "increase a charge for providing a care service or meals to a tenant of a rental unit in a care home without first giving the tenant at least 90 days' notice of the landlord's intention to do so." I misspoke; I omitted the word "not." It's a prohibition that the landlord cannot increase services without 90 days' written notice. This means that

care home landlords can lawfully increase the charges for meals and care services by any amount, as long as 90 days' written notice is given, in accordance with the act.

The practical effect of this legislative shortcoming is that there is no effective rent control in favour of care home tenants. A care home landlord is free to choose the amount of its desired rent increase. It may then apportion the desired rent increase between rent, which would be subject to the statutory rent control limit, with the balance of the desired rent increase arbitrarily apportioned to meals and care services, which are not governed by rent control.

Honourable members, I wish I could tell you that this is the fruit of our imagination, but it's not. Over our years of service and the cases we've seen—even within the past year, we've had cases where we have seen the internal documents of the care home landlord, which have said, by emails and other documents, "We'll be increasing the amount of our rent by X, and we can do it under rent control to this portion. The rest will go to meals and care services."

1720

The Chair (Mr. Grant Crack): Thank you very much. I'm going to have to stop you there. I know you have a lot left to say, but the five minutes are up. I apologize.

Mr. Graham Webb: Very good. Thank you.

The Chair (Mr. Grant Crack): We shall move to the third party: Mr. Hatfield.

Mr. Percy Hatfield: Thank you very much for being here. Graham, you said that ACE has handled 3,900 legal matters, including 355 housing matters, and you've sounded the alarm that there is no rent control in these homes. If you can recall, how many people actually had to leave a home because the rents went up so much that the person couldn't afford to live there anymore?

Mr. Graham Webb: Mr. Hatfield, I'm not able to give you a quantitative number on that, but I can give you an answer in terms of, we have seen that happen many times, particularly when a large operator has bought out an independent home. There is a concept of "aging in place." We've seen tenants, particularly older women—single women and widows—who have been living in retirement homes or care homes for years, intending to stay there for a very long time, who perhaps have declining cognition and a reduced ability to adapt to a new environment, suddenly faced with a 60%, 70%, 100% increase in their rent charges when the new operator took over. There's no remedy for this. I can only tell you that it happens, and when it happens, it would break your heart as well as mine.

Mr. Percy Hatfield: Oh, I'm sure it would. I'm also of the opinion that as we live longer, our pensionable income goes down and what we had thought would be enough to live in these homes for many years isn't, with the rent going up as well. The money isn't there anymore and so you're going to have to move, I'm told, to other places where they don't charge as much and the care isn't as good, because we're outliving our pensionable income.

Mr. Graham Webb: Yes. And even if the charge is the same, for an older adult who may have been more mobile, healthy and cognitively intact when they moved in, just the fact of moving is harmful.

We also see it happen as retaliation to tenants whose families or themselves insist on enforcing their rights under the Residential Tenancies Act and the Retirement Homes Act. So it's a retaliatory measure as well.

Mr. Percy Hatfield: I want to thank you for not only coming in, but for the work that you do on behalf of our most vulnerable citizens. Thank you very much for your presentation.

Mr. Graham Webb: Thank you, sir.

The Chair (Mr. Grant Crack): We shall move to the government: Mr. Baker.

Mr. Yvan Baker: Thanks very much for coming in. I'll echo what Mr. Hatfield was saying around your work: Thank you very much. In my representative community called Etobicoke Centre, we have one of the highest percentages of seniors in any riding in the country. I know a lot of my constituents make use of the support you provide, so I thank you for that.

I wanted to ask you a little bit about the rent control piece. I've certainly heard what you've said and the input you've provided, but could you just talk about what you think the impact will be of what's proposed here, as far as rent control for buildings built after 1991?

Mr. Graham Webb: Mr. Baker, of course I'm familiar with your constituents. I've presented at your office and met you there, presenting on elder law issues to them. Thank you for inviting us to do so.

In terms of rent control, we think that the starting point should be the same rule for everybody. In other words, if tenants of boarding homes who receive meals are governed by a rent control limit, then why on earth would the tenants of care homes not be governed by the same limit? And there is the ability for the landlord to apply for an above-guideline increase, if necessary to do so.

When we also look at the situation of all tenants, not boarding home tenants particularly, but, say, apartment tenants where they have a service provided like cable or electricity, the amount of the rent increase is limited to the actual cost of the increase in the service or, where that can't be determined, to a reasonable amount. There's no such mechanism for care home or retirement home tenants. We ask that, in due course, the Legislature turn its mind to that issue as well.

Mr. Yvan Baker: Okay, that's great. And as far as the rent control piece itself—I've heard you on the issue of—

Mr. Graham Webb: Yes.

Mr. Yvan Baker: —absolutely I've heard that feedback. Thank you. But on the issue of the rent control piece, what do you think the impact of that will be?

Mr. Graham Webb: On rent control generally, or on older adults?

Mr. Yvan Baker: On older adults, on the people you serve.

Mr. Graham Webb: Well, first of all, there's the issue of vacancy decontrol. When we see in the CMHC report that rents have risen by more than 6% in 2016, we

expect that, even with the application of rent control, rents will still continue to rise because of the strong demand on housing. That's something that prospective tenants entering into a landlord-tenant relationship are going to have to deal with, just like everybody else. We don't have actual rent control without a registry. We have vacancy decontrol.

The extension of rent control to care home tenants would help prevent arbitrary evictions because, as I said before, aging in place is such an important issue for older adults. When you are perhaps 75 or 76 years of age, you may have much more mobility, much more cognition, than you might have five or 10—who knows how long you're going to live—or 15 years later. Persons are going into these homes, hoping to avoid going into a long-term-care home. They don't want to be a burden on the health care system. They want to have their own plan, and it's very unfortunate that if the tenants in place can face unlimited rent increases, they then face arbitrary eviction.

The Chair (Mr. Grant Crack): We shall move to the official opposition: Mr. Hardeman.

Mr. Ernie Hardeman: Thank you very much for your presentation. I ran into this same problem. It was a question about rent control in my own riding, where there's a retirement facility that actually provides a lot of the meals. The rent went way up, and did they have the right to do that? In that one, they did, because it wasn't controlled. The issue still becomes, if we were to put an amendment in this bill to solve the problem that you're putting, how would you put a fixed price on the cost of living, the cost of the meals?

One of the things that we've heard a lot about in the past is that in the—you mentioned the long-term-care homes. We have the problem where all the items are itemized—how much the facility gets to provide that service—but then, all of a sudden, we find that when they're finished, there's no connection between the service that they're getting and the amount of money. Like you say, the landlords can get the extra money on the food that they can't get through rent control. But the challenge is, if you put the control on the food, how do you then make sure that they're still getting the food they need? They just reduced the cost of the food provided based on the amount of money they can charge. How can you say, "You have to provide more"? "Well, that's all the money allows."

It's a real challenge in putting a cost control on the provision of someone's food. So I just wondered if you had any idea how we could actually do that. I think it needs looking into, yet I don't know how we would put forward an amendment that would actually do what you're asking.

Mr. Graham Webb: You are quite right. When we're dealing with the cost of meals and care services, it's more complex than other aspects of tenancy, but these are still tenancies. For many of these homes, they are also governed by the Retirement Homes Act, which has some regulatory authority over how the services are provided.

Furthermore, it's also an issue of contract. If you go and buy a car and you contract to buy a Buick and they

give you an Aveo, you say, "Wait. I contracted to get a Buick." If you go into a very good retirement home where they have a dining room with nice tables and they serve you a choice of menu, and then suddenly, without any abatement of rent, you're now getting the Aveo instead of the Buick, you have a contract right against the service provider.

The rent control part simply limits the amount of the increase. It doesn't diminish the tenant's rights to receive what it is they bargained to receive; it simply limits the landlord's ability to charge more for what they are contractually obliged to provide.

The Chair (Mr. Grant Crack): Thank you very much, Mr. Webb, Ms. Steward and Ms. McGregor, for sharing your insights this afternoon.

Mr. Graham Webb: Thank you, honourable members, and good evening.

WATERLOO REGION COMMUNITY LEGAL SERVICES

The Chair (Mr. Grant Crack): Next we have, from the Waterloo Region Community Legal Services, staff lawyer Mr. Joseph Richards. We welcome you, Mr. Richards, to committee this afternoon. You have up to five minutes for your presentation.

1730

Mr. Joseph Richards: Thank you, committee. As you know, I work at the legal clinic for the Waterloo region and practise in various administrative tribunals in the province, including and in particular the Landlord and Tenant Board.

Originaire de Sudbury, j'ai travaillé auparavant à la clinique juridique Grand-Nord, m'occupant d'un vaste territoire, de Cochrane jusqu'à Hornepayne. Franco-Canadien de deuxième génération, j'offre des points de vue peut-être un peu différents, variés, sur ce projet de loi, nommé la Loi de 2017 sur l'équité en location immobilière.

L'équité : fairness.

In English, Bill 124 is aimed at this objective, and I submit that in the main, it does accomplish that objective. I do have some brief comments on it.

(1) It does provide a fairer guideline increase scheme. At long last, the bill recognizes that buildings built in, for example, December 1991 are not new and will be subject to the annual guideline.

I've heard some of the comments in the media and in the Legislature and note the following: Nothing prevents developers or property managers from charging whatever initial rent they need to recoup their costs or make their profit. What it prevents are low- and middle-income tenants being lured into tenancies at sweetheart deals in new buildings, only to find out, in 12 months or 24 months, that the landlord is hiking the rent by an extraordinary, unlimited amount. This bill therefore brings stability and incentivizes new landlords to be accurate in setting their starting rental charges.

(2) It provides for fairer AGI procedures. Eliminating AGIs for extraordinary increases in utilities is another good step in bringing stability to vulnerable tenants. I do submit, though, that more can be done to bring fairness into the AGI procedures. How? I can list four quick measures: (1) require landlords to provide tenants with all evidence they are required to submit to the Landlord and Tenant Board—right now, that is not automatic; (2) permit tenants to raise any maintenance issues at an AGI hearing, not just "serious breaches;" (3) expand the discretion of the board so that it can do more than either dismiss or delay an above-guideline increase, but allow the board to reduce the quantum of the increase in consideration of the issues raised by the tenants; and (4) clarify the definition of municipal taxes and charges to explicitly exclude utility charges, given the amendments, and categorically exclude any charges related to property standards inspections, which, it is my submission, are maintenance charges.

(3) The third point I'd like to raise is that this bill, in fact, brings fairness in compensation. Tenants are currently entitled to compensation for certain types of landlord applications, like demolition or extensive repairs. The bill proposes to grant compensation for landlord's own-use applications, and this compensation incentivizes landlords to think very carefully before trying to evict tenants because a family member plans on moving in.

Currently, the act does not define when these types of payments must be made, and so the bill closes an important loophole. Compensation will now be due on the termination date listed in the landlord's notice. However, the law currently allows tenants to respond to a landlord notice with their own 10-day short notice. If tenants give such a notice, they should not have to wait until some later date, after they have left the unit, to actually collect the compensation.

A simple remedy for that is this: to specify that the compensation will be due on the termination date listed in the landlord's notice or the termination date listed in the tenant's reply notice, whichever is earlier. This allows vulnerable tenants to use the compensation to secure an apartment elsewhere.

I close by saying that it's known by all the courts and all the interested parties who have dealt in landlord and tenant legislation that this legislation is remedial legislation with a tenant protection focus. I urge this committee to scrutinize this Rental Fairness Act through that lens and through that prism. Think of the disadvantaged and the downtrodden, the vulnerable and the voiceless, those at the margins who aren't able to come here today and who aren't able, often, to even attend at the Landlord and Tenant Board. That is why I am here today: to speak up for them.

Those are my submissions to you.

The Chair (Mr. Grant Crack): Thank you very much, Mr. Richards—very clear. We'll move over avec M^{me} Des Rosiers.

M^{me} Nathalie Des Rosiers: Bien, ça me fait grand plaisir d'avoir un très bon avocat qui a été très bien

formé. I acknowledge that my friend is a graduate of l'Université d'Ottawa.

Mr. Yvan Baker: That explains everything.

M. Joseph Richards: Madame la doyenne, bonjour.

M^{me} Nathalie Des Rosiers: I heard you on some of the—les changements que vous proposez. On essaie, dans le projet de loi, d'améliorer le processus devant le tribunal. Est-ce qu'il y a d'autres choses qui devraient être faites autre que d'augmenter la discrétion du tribunal?

M. Joseph Richards: Il y a plusieurs choses qui peuvent être faites. Je pense plutôt que c'est dans les règles de pratique et dans les règlements qu'on pourrait peut-être changer des choses qui existent déjà, pas nécessairement avec la loi comme telle.

Mais, certainement, je pense que les changements qui ont été proposés sont des changements nécessaires et très attendus par les avocats et les personnes qui pratiquent devant la Commission de la location immobilière.

M^{me} Nathalie Des Rosiers: Vous avez donné—

Mr. Percy Hatfield: Point of order, Chair: I'm not getting any translation through the earpiece.

M^{me} Nathalie Des Rosiers: We can move to English. It's okay. It was just to acknowledge the good work that we have done at the University of Ottawa to train francophone lawyers. The point has been made. It's more important that we proceed.

My question was going to acknowledge that the rules of practice could facilitate the process. That's what we talked about.

The other thing you mentioned was that you wanted clarification on municipal rebates or municipal taxes. Can you give us an example of what you mean by that?

Mr. Joseph Richards: What we are seeing now is that in certain municipalities—for example, Toronto, Waterloo and others—there are rental housing licensing fees that are being imposed on landlords, and some landlords are passing those on to tenants. Technically, those are municipal, or—that's a debate, and we're actually in court right now on that issue. They're municipal taxes and charges. Under the charges part, they have been able to pass that on to tenants, even if property taxes aren't actually going up or not going up by an extraordinary amount—so, clarifying, especially given the amendment, that utilities are never going to really be considered municipal taxes and charges. Otherwise, you have something that doesn't immediately close that loop, because you're eliminating it in one place, but if utilities are provided by the municipality, then you're allowing it in another place. To close that loop would be very important.

The Chair (Mr. Grant Crack): We shall move to the official opposition. Mr. Hardeman.

Mr. Ernie Hardeman: Thank you very much for your presentation. I appreciate it—particularly as you were going through to show some of the shortcomings in the bill; that even though you add all the big words and the big policies in place, it doesn't necessarily work. I particularly liked the one about the payment—whichever time comes first: when the tenant leaves, or when the

landlord asks them to vacate the premises. It seems almost a given that you would give the money when the occupancy ended. So I very much appreciate that you're putting that forward.

I agree, with the charges, that a licensing fee should not be added on to the rent. That's the cost of doing business, where I come from, when I need a licence. Having said that, if the rent is already locked in and then the municipality adds a cost, shouldn't that be part of the return, because it's a rental unit? Where is the landlord supposed to get the extra money if it's not being allowed to be charged from his revenue? The only revenue he has, theoretically, is from that rental. Shouldn't that be part of it?

Mr. Joseph Richards: My view on this is twofold: (1) Looking at the quantum of the actual charge, why is the charge so much that it's actually an extraordinary increase? That's the first thing—and municipalities perhaps should not be charging those excessive amounts. 1740

(2) When you're talking about rental housing licensing fees, these are for inspections that are done preventively because the community has decided that we're going to reverse the onus on landlords. We're going to presume that everyone is in breach of the municipal standards, and now you have to prove to us that you are not, because of a lot of issues that we've had in the past. That becomes preventive maintenance fees.

If you're not able to do and engage in preventive maintenance, then maybe this sounds harsh, but perhaps being a landlord is not what you want to be doing. That's the reality. Otherwise, you get tenants in units that aren't well maintained, and then they're fighting at the Landlord and Tenant Board for things that the landlord should have been doing well before they moved into their units.

The Chair (Mr. Grant Crack): Mr. Hatfield.

Mr. Percy Hatfield: Joseph, thank you for being here. Is the Landlord and Tenant Board system broken?

Mr. Joseph Richards: That's a very loaded question. Is it broken? I think that there are cracks in it. I practise in front of it quite often. There are cracks. I do believe that all of the tools are there already to fix it internally.

Mr. Percy Hatfield: How do we do that?

Mr. Joseph Richards: One thing that I mentioned here is about the right of disclosure for above-guideline increases. You have tenants who have no idea what this above-guideline increase is about. They haven't seen what it is. In fact, landlords can charge, for capital expenditures, \$5 for tenants to access the information. Where do you have to charge for disclosure? Well, if you're applying to the government under FOI, I guess you have to pay a \$5 fee. But in this contested proceeding, you shouldn't have to pay \$5.

Those are rules of practice: making sure that tenants really are able to understand; expanding budgets and services for community legal clinics, where we work; ensuring that tenants have the opportunity to defend themselves; and making sure that the board has the capacity to deal with contested hearings, rather than

putting everything towards mediation; and making sure that tenants can stand up for themselves.

Mr. Percy Hatfield: Are there enough hearing officers?

Mr. Joseph Richards: Say that again?

Mr. Percy Hatfield: Are there enough hearing officers?

Mr. Joseph Richards: I'm not sure about the internal workings. I imagine every region is a little different.

Mr. Percy Hatfield: I hear it's very slow to get anything done.

Mr. Joseph Richards: Well, yes. You can spend all day. You go there at 10 a.m., and then your hearing is not—

Mr. Percy Hatfield: Yes, but it might take months to get a decision, and then appeals and—

Mr. Joseph Richards: Yes, it can take months to get a decision. That is true. Those are things, though, that can be worked on internally, and through the rules of practice and through staffing.

I don't have all of those figures in terms of internally, within the Landlord and Tenant Board. But I do know that the last I checked, about 80% of applications are landlord applications, and I believe 90% of those are eviction applications.

It is very important that, whether it's advance mediation or case management—which is already done in front of the Social Benefits Tribunal, for example: active case management. That's an idea to have at the Landlord and Tenant Board.

Mr. Percy Hatfield: Right now, you have to get your elevator fixed before you can get an AGI. Should there be other health and safety reasons in the bill? Should—

Mr. Joseph Richards: Absolutely—oh, sorry, I'm cutting you off.

Mr. Percy Hatfield: Should every health and safety violation be corrected before a landlord gets an AGI?

Mr. Joseph Richards: Yes. I strongly believe that if landlords are trying to increase rent above the guideline, they should be coming to the board with clean hands. That means there should not be maintenance issues—outstanding, long-standing maintenance issues.

For tenants, who might not have the capacity to file their own application on their own time, this is the great opportunity. When every single tenant is issued a notice of hearing, they can go and be witnesses for one another, and say, "This is an issue. Give us an abatement of rent, or reduce this above-guideline increase, because we've been dealing with this for a year." Allow tenants to make their argument.

Mr. Percy Hatfield: Thank you.

The Chair (Mr. Grant Crack): Thank you, Mr. Richards, for coming before committee this afternoon. It's much appreciated. Merci beaucoup. À la prochaine.

MR. OSCAR FONG

The Chair (Mr. Grant Crack): Next, via teleconference, everyone, so we'll have to listen attentively, we have Mr. Oscar Fong. Mr. Fong, are you with us?

Mr. Oscar Fong: Yes, I am.

The Chair (Mr. Grant Crack): Welcome, sir. Where are you calling from?

Mr. Oscar Fong: I'm calling from my home in the Toronto Centre riding.

The Chair (Mr. Grant Crack): Excellent, excellent. We thought perhaps you were from afar, but that's wonderful. You have up to five minutes for your presentation, followed by up to three minutes of questioning from each of the parties. The floor is yours, sir.

Mr. Oscar Fong: Thank you so much. I thought I'd start by introducing myself. My name is Oscar Fong. I am an unmarried, mid-thirties constituent living in the Toronto Centre riding.

With the financial support of my parents, a disciplined budget and high bank leverage, I have been able to purchase my own condo and co-invest equally, with my mother, a significant portion of my savings into deposits for a pre-construction downtown Toronto condo that I intend to rent out and sell for retirement one day in the future. With this as context, I am a small-scale landlord, or plan to be one in the future.

I'd like to share my thoughts on several of the points surrounding Ontario's Fair Housing Plan, which was announced on April 20. Specifically, I have concerns surrounding four of the action points.

The first point I'd like to speak about is rent control. I understand that in the media, there have been a few cases that have been highlighted where tenants have been forced to move due to highly increasing rents, sometimes in the range of 100%. I do believe that these cases are few and far between. But I also firmly believe that this is as a result of supply and demand. Simply, even in those cases, a landlord would have only increased rent if they were confident that they could find a tenant of equal quality who was willing to pay more. Similarly, from the tenant perspective, a tenant who can't afford the increased rent simply needs to move to a less desirable location, despite whatever inconvenience or stress it would cause them.

I firmly believe the logic for that is that no one has the right to rent prime real estate without paying for it. Similarly, owning prime real estate is not a right and, most certainly, the cost to own prime real estate is not achieved with any form of state intervention.

With that, I'd like to ask whether the committee would consider grandfathering existing leases into the old rules, and have the new rules only apply prospectively to new leases. Also, will the committee consider expanding the list of criteria whereby landlords can apply for increased rent? For instance, I don't believe that increasing interest rates or condo fees are legitimate reasons to pass these costs on to tenants and, therefore, increase rent. I'm wondering if the committee would consider those two points.

The second point I'd like to talk about is a tax on vacant property. While I do understand that there is limited inventory of property in the GTA, I don't quite understand the concept of the state penalizing for

wastage, which I believe is the principle behind this proposed tax. In a democratic and free-market economy, I believe an asset owner should be able to choose what they want to do with their asset, without direct or indirect interference from the state, on the basis that the owner has fully paid for an asset and, therefore, should have full decision-making ability over its use. I believe that this proposed tax is an indirect form of interference by the state that encroaches on an asset owner's rights.

With that, I believe that the underlying problem appears to be limited inventory of new property in the GTA. In this case, would the committee consider that the proposed tax not kick in until it is clear that the property has been vacant for a long time—say, for example, five-plus years? I think this should especially be the case, given that rent control is being proposed at the same time, as it is unfair for landlords to be forced into a low-rent situation due to this proposed tax and then not be able to raise rent subsequently.

The third point I'd like to talk about is assignment sales. There was a point about tackling assignment sales. I can say that the condo that I'm currently living in, I bought via an assignment sale. I know I paid way more than what the seller who bought it during the pre-construction period paid, but personally I have no issue with that because I simply wasn't ready to buy five years ago when the condo that I'm living in was under its pre-construction sales period.

1750

Saying that, as well, having recently purchased another pre-construction condo, I know how competitive that process can be. I did have to line up for hours in advance of the sales centre's opening time. But I do believe that, simply put, if a potential condo buyer wants to buy a pre-construction condo, they should be prepared to put in the work and cash required to do so at the time pre-construction sales occur.

I believe that the new rules propose to eliminate assignment sales. I'd like to ask whether the committee would consider a grandfathering period for this elimination. For example, condos purchased from developers subsequent to January 1, 2018, cannot be sold by assignment sale, but condos purchased prior to that can be—

The Chair (Mr. Grant Crack): Okay, thank you very much. Sorry to interrupt; we're on limited time here.

We'll move to questions. Mr. Hatfield.

Mr. Percy Hatfield: Thank you, Oscar. I'm Percy Hatfield. I'm from Windsor and I live in Toronto Centre when I'm in Toronto.

In Windsor, we have a lot of vacant downtown properties, and I'm of the opinion that a lot of out-of-town landlords use that as a tax writeoff—to leave their property vacant in my downtown when they live somewhere else. I know they get a tax break because it's unoccupied for the year, so I want to get your opinion on whether you think having them pay more for leaving their property vacant—it becomes a blight on my downtown even though it's to their tax advantage. Where's the fairness, do you see?

Mr. Oscar Fong: Well, there are two things on that, and I think there are two ways that can be addressed. For one, how long is considered to be long before a property is considered vacant? If it's vacant for six months—say, I don't know, there's a snowbird, a couple—is that considered a long enough period for the vacancy tax to kick in?

Mr. Percy Hatfield: In the cases I'm thinking of, it's been years since anyone occupied the buildings.

Mr. Oscar Fong: So, say, three years, five years?

Mr. Percy Hatfield: Yes. Yes, these vacant storefronts: They don't want to lease them out. They make the rent astronomical compared to everybody else so they'll stay empty so that they'll get a tax writeoff. Where's the fairness for that?

Mr. Oscar Fong: Okay. In that case, if it's a significant amount of time, three years, five years, I do believe that such a tax could be applied and that is fair. However, I would like to ask, why isn't this being addressed through income tax rules if a property is vacant and it's not being used for an income-earning purposes? Therefore, why are they getting tax writeoffs? Is it necessary to address it through a means such as this, or is a better way to address that through proper income tax legislation?

Mr. Percy Hatfield: Thank you.

The Chair (Mr. Grant Crack): We shall move to the government. Mr. Baker.

Mr. Yvan Baker: Thanks very much, Oscar. My name's Yvan Baker. I'm the MPP in Etobicoke Centre. I have lived downtown and have been a small landlord owning a condo downtown, so I know a little bit about the situation that you're about to enter.

When you go to rent out your condo, do you have a sense of how quickly you plan to raise the rents year after year?

Mr. Oscar Fong: I know how difficult it is to attract a quality tenant and I really wouldn't want to be stuck with a poor-quality tenant. I would not raise rent if I had a quality tenant who paid the rent on time.

Mr. Yvan Baker: So you wouldn't raise it at all year after year?

Mr. Oscar Fong: Not unless I really had to due to circumstances such as increasing interest rates or increasing condo fees.

Mr. Yvan Baker: Okay. Then what's your objection, then, to the rent control measures in here which allow increases in rent of a very moderate amount of 2.5%? If you're not going to raise your rents at all barring an awful situation, then it sounds like you shouldn't be concerned about the rent control.

Mr. Oscar Fong: At the same time, if the interest rates did increase significantly or condo fees did increase significantly, I would not have the ability to do so. I'd be hindered by that inflexibility because, clearly, everyone knows that condo fees rarely go down; they go up, typically, by at least inflation, if not more. In those instances, I would not be able to pass on those costs to the tenant and I'd basically have to bite the buck and take that loss myself. I actually believe that if, say, for

instance, it were not for these proposed rules, I could increase rent by maybe about 5% or 7%—it is not atypical for condo fees to increase by that much, for instance; I would be able to do so.

As well, if a tenant thinks that's too much, then perhaps they need to find a place they can actually afford.

Mr. Yvan Baker: So what I hear you saying is that you wouldn't want to raise the rents but you want to be able to pass along any cost or make a provision for those costs; is that right?

Mr. Oscar Fong: That's correct. In my question, I did ask whether or not the committee would consider expanding the list of criteria whereby landlords can apply for increased rent.

Mr. Yvan Baker: Okay. Time, Chair?

The Chair (Mr. Grant Crack): Twenty seconds.

Mr. Yvan Baker: Twenty seconds left. So I guess what I'm going to say is that given that you're going to be renting out your condo, you have a sense that, at the initial setting of the rent, you can make a provision to make sure that you can accommodate any potential increases in costs that you can't pass along. You can still do your above-guideline increases per the rules, but you can make a provision and set it high enough that it covers off any reasonable increase in condo fees and then you still have your 2.5%. So from my vantage point, that should cover off any costs you have.

The Chair (Mr. Grant Crack): We'll move to the official opposition: Ms. Munro.

Mrs. Julia Munro: I appreciate the comments today. It's Julia Munro, and I'm the MPP for York-Simcoe.

I wanted to pick up on the condo conversation that you were having a moment ago. Would you also be taking into account your investment in the condo, that it would be consistent within the neighbourhood; that would be part of the consideration you would make in terms of the cost?

Mr. Oscar Fong: For sure. If I had a quality tenant and my condo fees increased by 10% due to some big issue, I wouldn't necessarily increase it proportionately just because. I would have to take into consideration what other neighbouring buildings there are that are in competition with me, what other units are competing with me. Realistically, if I made that proposal to pass on those costs 100% without thinking about it, that tenant could very well move, and I would be stuck finding a new quality tenant in that case. I would like the ability to make that decision, and I won't want that decision to be made for me by the state.

Mrs. Julia Munro: But you would obviously be looking at forecasting what kinds of issues you would be prepared to be looking at in terms of the long term for your tenant. Is that the case?

Mr. Oscar Fong: That's correct.

Mrs. Julia Munro: I haven't any further questions, Mr. Chair. Thank you very much, Oscar, for giving the time to participate in the committee.

Mr. Oscar Fong: Thank you.

The Chair (Mr. Grant Crack): Thanks again, Mr. Fong. We appreciate it.

Mr. Oscar Fong: Okay. Thank you so much.

Mr. Mike Colle: Research request.

The Chair (Mr. Grant Crack): There is further business here. A research request quickly, because we have about a minute left and I have some other things to say as well.

Mr. Mike Colle: I'd like some information on the various smoking prohibitions that exist in other jurisdictions in rental accommodation. Secondly, I'd also like some data on the percentage of Ontarians who reside in large multi-residential units as opposed to smaller residential units—that 80,000 figure we talked about earlier.

Mr. Granville Anderson: It's 90,000.

Mr. Mike Colle: The 90,000 figure. There was an assertion here about 90,000.

I also have a very helpful article from yesterday's Star by a researcher at Ryerson University, saying that there is too much supply of housing and something has got to be done about the over-supply of housing.

The Chair (Mr. Grant Crack): Mr. Hardeman, very quickly.

Mr. Ernie Hardeman: I just very quickly want to point out again the challenge of the timing in the House order. All the amendments that can be considered in this bill must be in by—I'm sure you will announce that, Mr. Chair—Thursday. The studies that we're asking for will not be helpful in developing the—

Mr. Mike Colle: But it's good as we go to third reading debate to enlighten ourselves—

Mr. Ernie Hardeman: But the change to be able to use it for the purpose that this committee is meeting will not exist.

Mr. Mike Colle: Just to make us better understand this very important issue—

The Chair (Mr. Grant Crack): Okay, thank you very much. Legislative research, I hope you can do your utmost to provide that to members of the committee.

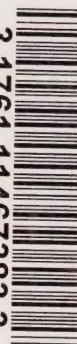
Secondly, the deadline just passed for written submissions. Also, the deadline for filing amendments to this bill with the Clerk will be at 5 p.m. on Thursday, May 11.

I look forward to meeting with you all next Tuesday at 3:30 as we continue with clause-by-clause consideration. We can end up going till midnight, so I just want to prepare all members for that: 3:30 till midnight.

This meeting is adjourned. Thank you all.

The committee adjourned at 1800.

3 1761 11467383 3



STANDING COMMITTEE ON GENERAL GOVERNMENT

Chair / Président

Mr. Grant Crack (Glengarry–Prescott–Russell L)

Vice-Chair / Vice-Président

Mr. Granville Anderson (Durham L)

Mr. Granville Anderson (Durham L)

Mr. Yvan Baker (Etobicoke Centre / Etobicoke-Centre L)

Mr. Mike Colle (Eglinton–Lawrence L)

Mr. Grant Crack (Glengarry–Prescott–Russell L)

M^{me} Nathalie Des Rosiers (Ottawa–Vanier L)

Mrs. Lisa Gretzky (Windsor West / Windsor-Ouest ND)

Ms. Ann Hoggarth (Barrie L)

Mrs. Julia Munro (York–Simcoe PC)

Ms. Lisa M. Thompson (Huron–Bruce PC)

Substitutions / Membres remplaçants

Mr. Ernie Hardeman (Oxford PC)

Mr. Percy Hatfield (Windsor–Tecumseh ND)

Clerk / Greffière

Ms. Sylwia Przewdzicki

Staff / Personnel

Mr. Michael Vidoni, research officer,
Research Services